



A busy start for HMRC on Making Tax Digital (MTD) for 2025 with focus falling on new guidance for three-line accounts and joint property income.

Self-employed individuals and landlords with an annual income of more than £50,000 will start using MTD from 6 April 2026. The £50,000 test is based on overall self-employed and property income for the current 2024/25 tax year.

Three-line accounts

HMRC has confirmed a three-line account approach:

- Currently, when completing a self-assessment tax return, self-employed individuals and landlords whose income from either self-employment or property is below the VAT registration threshold of £90,000, need only enter one figure for total expenses.
- Therefore, keeping digital records for MTD should be a matter of classifying amounts as either income or expense.
- Each quarter, only the total income and expense figures will be submitted to HMRC.

The one exception is when a landlord incurs residential finance costs, which must always be recorded separately because they are not a deductible expense.

Joint property income

Joint property owners only need to record their share of the property's income and expenses. If a landlord chooses to, they can simply record income on a quarterly basis and expenses on an annual basis at the end of the tax year. Individual transactions will not have to be captured; only a total figure for each income and expense category.

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If the joint property owner is eligible to use a three-line account approach, it gets even simpler. A total quarterly income figure and a total expenses figure at the year end. Recording and reporting will then be:

- Each quarter: record a single income figure and submit to HMRC.
- End of the tax year: record a total figure for expenses and report through the end-of-year finalisation process.

HMRC's guidance on the categories of income and expenses that need to be included in quarterly updates (if a three-line account approach is not used) can be found [here](#).

We can help

Please call us on **01753 888 211** or email **info@nhllp.com** if you need guidance with any of the issues raised in this Broadcast. We would be happy to help.