JOHNSTON CARMICHAEL

Making Tax Digital for Income Tax Self Assessment (MTD for ITSA)

This document is intended to provide guidance on what software to choose for Making Tax Digital for Income Tax Self Assessment (MTD for ITSA).

MTD for ITSA is going live in April 2026 and represents the biggest change to personal tax in 30 years. This is going to fundamentally change the way you have to keep your records (digitally) and also the way that you work with us to submit your income and expenses to HMRC. Please use this tool by HMRC to find out if and when you need to sign up – Check now

We have evaluated the software market for those impacted by MTD for IT and have a selection of software that will meet your needs based on user friendliness, level of support, complexity of your records and cost.

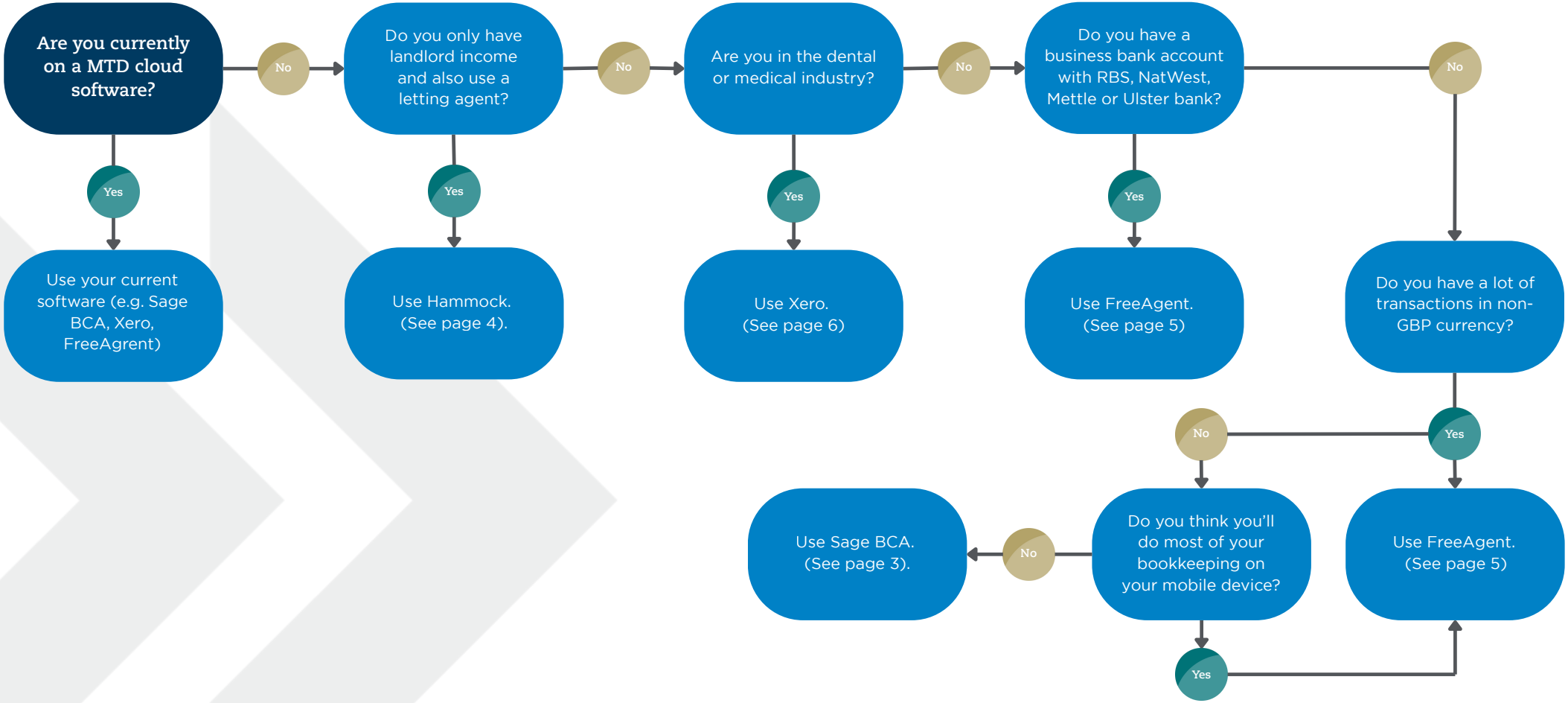
The Decision Tree on page 2 is designed to guide you to the software that will fit best for your business and how you may intend to submit your quarterly submissions. We also have a useful tips to consider before you start your bookkeeping on a chosen software.

Once you have a MTD for IT compatible software set up, please click this link below to sign up for MTD for IT - Making Tax Digital for Income Tax Self Assessment (MTD for ITSA)

Disclaimer

1. This document is provided for general guidance only and is based on the information available to Johnston Carmichael at the time of publication. It may be updated periodically to reflect changes in software or available data.
2. The responsibility for selecting appropriate tax submission software rests solely with the business owner.
3. This guide is intended exclusively for the selection of software relating to the relevant tax submission in scope and must not be used for choosing software relating to other tax areas, including but not limited to corporation tax, VAT, and payroll taxes.
4. The decision tree is provided as an aid to assist in identifying software that may be suitable for your business. All software referenced is generally appropriate for a broad range of business types and sectors; however, individual suitability may vary.
5. The decision tree is intended to support software selection for straightforward tax affairs. Businesses with complex or non-standard tax requirements should seek advice from a qualified tax advisor before making any software selection.
6. Johnston Carmichael accepts no liability for any loss, error, or inconvenience arising from the selection or use of software that may be unsuitable or incompatible for your specific circumstances.

Decision tree



Sage Business Cloud

Next step:

Please register for a Sage account using this link: Sage Business Cloud

Free training:

You can also get access to a (free) training session run by Sage team to help you get started. You can book onto a session using this link Sage Support

Why have we chosen Sage Business Cloud?

Sage is a market leader for accounting software and has invested in creating simple easy to use products for MTD for ITSA. Here are some of the benefits listed below:

- Comprehensive financial management tools
- Scalable solutions for businesses of all sizes
- Flexible cloud and desktop options
- Strong compliance and reporting features
- User-friendly interface and dashboards
- Reliable customer support and community resources

If you want to see what Sage Business Cloud offers SBCA/Copilot

Support

To get support on Sage, please use the chat bot on the Sage website or call our dedicated team on 0191 479 5988 to discuss your options.

Hammock

Next step:

Please register for a Hammock account using this link: Sign Up to Hammock. This will give you access to a 30-day free trial so you can get started.

Free training:

You also get access to a free training session run by the Hammock team to help you get started. You can book onto a session of your choice HERE.

Why have we chosen Hammock?

Hammock has been built specifically for landlords which will not only make it much easier to use, but this means it works for all landlords. With Hammock they can manage:

- Different tenancy types
- Jointly or mixed ownership
- HMOs
- Furnished Holiday Lets (Airbnb etc)
- Properties owned in companies
- Properties managed personally and via letting agents

While Hammock will ensure you're compliant with MTD for ITSA, it will also:

- Automate your bookkeeping
- Track rent arrears per tenant
- Allow you to store important documents
- Send reminders for important deadlines (gas certificates, insurance renewals etc)
- Give you insights into your portfolio (property valuations, LTV and rental yields)

If you want to see what Hammock offers, then check out this short video. If you want to learn how MTD for ITSA will affect you, you can find crucial information HERE.

Support

To get support on Hammock, please use the chat bot on the Hammock website.

Add accountant

To allow Johnston Carmichael access to your Hammock account and to download your accumulated figures after Q4 to submit your year end tax return, please add Johnston Carmichael as your accountant by clicking this link: Invite Johnston Carmichael as your accountant.

FreeAgent

Next step:

Please register for a FreeAgent account using this link: https://signup.freeagent.com/signup

Free training:

- You can book a (free) 20 minute "Getting started" call run by the friendly Edinburgh-based support team
- You can also book onto a live session, where you'll be able to ask questions in real time: Book Getting Started webinar - FreeAgent
- Or you can watch a recording here: Getting Started webinar recording - FreeAgent
- FreeAgent's Knowledge Base has a vast array of resources to answer your questions and here's a "how to switch" guide to help get you going

Why have we chosen FreeAgent?

- FreeAgent is free for all clients who hold a business bank account with NatWest, Royal Bank of Scotland, Ulster Bank or Mettle
- Friendly and helpful Support Team, ready to help - with awards and a TrustPilot rating of 4.7 to prove it!
- Bank feeds that automatically bring in your bank transactions
- FreeAgent auto-categorises your bank transactions to leave you time to work on your business
- Easy to use Mobile app, so you can work on the go
- Unlimited invoicing and estimates
- Foreign currency transactions, invoices, expenses and bills
- Easily keep track of your bills and receipts with SmartCapture
- Projects - Check project income, expenses and profitability at a glance

Demos

If you wish to see demonstrations of how FreeAgent would work for your business, please see the below links:
Landlord: https://freeagent.wistia.com/medias/o242zib3g7
Sole trader: https://freeagent.wistia.com/medias/ng9f6qj8xe
Quick overview of FreeAgent:
https://freeagent.wistia.com/medias/045buwoc3a

Support

To get support on FreeAgent, please log into FreeAgent and click on the "Help" button at the bottom right of the page to gain access to their live chat and then click the "Get in touch" button to be put through to one of FreeAgent's helpful Support Accountants. You can email them on support@freeagent.com or call them on 0800 288 8691.

Add accountant

To allow Johnston Carmichael access to your FreeAgent account and to download your accumulated figures after Q4 to submit your year end tax return, please add Johnston Carmichael as your accountant by clicking this link: Add Johnston Carmichael as your accountant on FreeAgent.

Xero

Next step:

You can start your MTD for ITSA journey with Xero today.

- Free 30-day trial – www.xero.com/uk/signup/
- Buy now and receive 90% off for the first 3 months – www.xero.com/uk/signup/simple/
- Compare plans and pricing – www.xero.com/uk/pricing/

Once you've signed up, connect your bank account to automatically import transactions securely each day. Xero uses encrypted connections and multi-layered protection to keep your data safe.

Free training:

Xero provides extensive learning materials to help you and your team make the most of the software. Visit the Xero Central Help Centre central.xero.com/0/ for access to:

- Step-by-step guides for everyday tasks such as connecting bank feeds or reconciling transactions.
- Self-serve courses to build confidence in using Xero's core features.
- Community forums to connect with other Xero users and share best practices.

Xero also has a dedicated Youtube channel (youtube.com/xero) which provides:

- Short video tutorials covering setup of core features.
- Informative videos to help manage your business with Business Basics, including topics such as cash flow management and financial reporting.
- Customer stories highlighting how Xero has supercharged their businesses by removing admin.

Why have we chosen Xero?

- MTD for ITSA-compliant and HMRC-recognised – connect directly to HMRC for easy submissions.
- Automation built in – streamline data entry, reconciliation and invoicing.
- Real-time insights – view up-to-date financial data anytime, anywhere.
- Secure and connected – encrypted bank feeds import transactions daily.
- Faster payments – send invoices and accept secure online payments directly.

Learn more about Xero's features at xero.com/uk/accounting-software/

Support

Xero offers 24/7 customer support to UK users via email and chat. Our Customer Experience teams, based in Milton Keynes and Manchester, provide first-line triage and resolution, with a specialist Tax Support team available for MTD for ITSA related queries.

- Submit a case through the Xero Support Portal – xero.com/uk/contact-xero-support/
- Access email and live chat support 24/7
- Dedicated tax specialists for MTD for ITSA assistance

Integration and flexibility

Xero connects with hundreds of leading business apps to extend functionality across industries. From retail and construction to hospitality and professional services, you can find tools tailored to your needs in the Xero App Store.

- POS and ecommerce solutions for retailers.
- Job and project management tools for construction and trades.
- Property, hospitality, and logistics integrations.
- Apps for cash flow management, reporting, and automation.

Useful tips for doing your own bookkeeping

Having a bank account for each trade

Having a bank account for each business/trade could make the quarterly submissions much easier to manage. This is how we would recommend our own teams to do the bookkeeping, which is why we highly encourage you to do this.

Bank feed

Once you have a bank account for each business/trade, ensure to connect it to your accounting software. The time this can save and improve accuracy of bookkeeping is endless.

Bank account excluding personal transactions

Having a bank account that only has transactions of a business nature means you won't need to bookkeep personal transactions. Having to reconcile/allocate items of a personal nature can be more time-consuming and complicate matters.

Johnston Carmichael - how can we help?

If you'd rather not do your own bookkeeping and quarterly submissions, Johnston Carmichael can do this on your behalf.

Speak to your Johnston Carmichael contact for more information.



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