

Adminsoft Accounts Basic User Guide

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MTD Self Assessment

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Self Assessment MTD is also called Income Tax Self Assessment MTD. Often shortened to just ITSA, or sometimes ITSA MTD. They all mean the same thing. This isn't Adminsoft trying to make something that's already a bit complicated even more complicated! HMRC themselves haven't been too consistent in their use of those names and acronyms. Though recently they seem to be using MTD Self Assessment.

Introduction

Up until 5th April 2026, if you were a sole trader wanting to file your year end tax return, you could do so via HMRC's web site. You could login, fill in all the details, job done, provided you did it, and paid your tax by January 31st following the end of the tax year. You could even fill in a paper form and post it to them. Though you had less time to do this, as HMRC had to received it no later than 31st October, so 7 months after the tax year end.

But there are two big changes about to happen:

Firstly

From the tax year starting 6th April 2026, this has all changed, depending on your business turnover. There will no longer be a paper form available, many businesses will have to use an electronic service. Also, and highly regrettably in my opinion, some self employed businesses will no longer be able to file a tax return via HMRC's web site. If you are required to use ITSA, then HMRC's web filing service will not be available to you. Which means you will have to use 3rd party software to do it, which will likely cost (Adminsoft Accounts will list some options before the end of tax year 2026-27, including any free ones, if there are any).

If your business turns over in excess of £50k p/a, then from 6th April 2026 you will have to use Self Assessment MTD, and you will not have access to HMRC's year end tax filing system.

For businesses turning over in excess of £30k p/a, their on-boarding date is 6th April 2027.

For businesses turning over in excess of £20k p/a, their on-boarding date is 6th April 2028.

As far we're aware, at this time HMRC have no plans to force businesses that turnover less than £20k p/a to use Self Assessment MTD. Though whether they'll be able to continue to use HMRC's end of tax year filing service is uncertain.

Secondly

You will have to record all your business transactions on a computer system. This means using either on-line or PC based software (if you're VAT registered, you have probably had to do this anyway). It will still be possible to use a spreadsheet, but here's the thing. In addition to this, the software will need to be able to make quarterly updates to HMRC (electronically) detailing your sales and expenses for the period. You're not going to be able to do that from any spreadsheet you've created yourself. Though there are some professionally created spreadsheets that will do it.

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What can Adminsoft Accounts do?

Self Assessment MTD consists of two parts:

In-year filings, which consist of quarterly submissions of your accounting data, and

End-of-year filings, which consist of any adjustments required to the business figures to more accurately reflect the year's trade, and details of other income, this includes things like employment, benefits, dividends, bank interest received, etc.

Adminsoft Accounts can handle the **in-year** filing. You can submit the quarterly updates to HMRC directly from within Adminsoft Accounts. These quarterly updates are similar to VAT Returns, but they can be rather more complex as they involve account balances in the Nominal Ledger. Instead of a simple box 1 to box 9 that we have with VAT Returns, this quarterly filing is more like submitting a Profit & Loss report. Except HMRC have their own chart of accounts (we call them 'categories') that has to be used, and not every category will relate to a N/L account. Adminsoft Accounts doesn't force you to use their HMRC chart of accounts, instead it maps HMRC's accounts (categories) structure onto your existing accounting structure. You will see a new input field in each N//L account that shows you which HMRC category the N/L account is associated with. A category can have no N/L accounts associated with it, or several. To further complicate things, each expense category can have a disallowed figure amount against it. For a number of reasons (more about that later), not all expenses can be offset against income, and so each quarter, before submitting the quarterly update, you may have to add any disallowed amounts against each expense. Adminsoft Accounts does not keep track of why an amount is disallowed, or which transactions the disallowed amounts relate to. So, we strongly recommend you maintain some documentation to record this, perhaps using a spreadsheet.

One bit of good news. If you are not registered for VAT, you can submit simplified quarterly accounts. These literally just consist of one figure for sales and one for expenses (less any disallowed amounts). However, you still need to maintain the categories on each relevant N/L account, because some N/L accounts should not be reported as part of the quarterly submission. Adminsoft Accounts will NOT make the switch between simple submissions or full submissions automatically. The option to do this is in the Settings menu for MTD ITSA (which like MTD VAT, has its own menu, with most of the MTD ITSA related options in one place).

Adminsoft Accounts will ONLY handle the quarterly submissions, it does NOT handle the submission of your year-end tax returns. You will need to use some 3rd party software (either PC or on-line) to do this. We have taken the view that Adminsoft Accounts is essentially an accounting system, we are not in the business of filing tax returns, or dealing with customers tax affairs in anyway. We have implemented things like VAT Returns, and ITSA quarterly updates, because not doing so would be highly inconvenient to our users in the UK. But processes like year-end tax filings, do not require any data directly from the accounts system, they are not a bookkeeping function.

The procedure for MTD Self Assessment

To use the service, you have to login to your HMRC on-line account and sign up for it. You can do this even before you have decided what software you want to use. Once you have the software in place, the software itself then seeks authorisation from HMRC to download and upload your

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accounts and tax data when you attempt your first submission (much like MTD VAT).

For the purposes of this guide, when we talk about 'Self Employed', we're also including those who receive income from property (furnished or unfurnished, whether UK or overseas, and including letting furnished rooms in your own home). In reality, property income is handled a little differently. But this will be discussed in detail later on.

Before MTD Self Assessment, sole trader businesses could operate on a cash accounting basis, and report their earnings with HMRC on that basis. But Adminsoft Accounts is an accrual based accounting system, and so you cannot use cash accounting. There is a cash accounting option for VAT Returns, but that mode of operation applies to the VAT being reported (and it does not extend to N/L transactions, it covers S/L and P/L only), the accounts system itself continues to operate on an accruals basis.

Quarterly Updates

HMRC have been encouraging sole traders to align their financial year with the tax year. i.e. starting on 6th April and ending on 5th April the following year. Or, they will allow 1st April to 31st March the following year. This is convenient, as it allows accounting periods to start and end at the start and end of each calendar month. While in theory, your financial year can still start and end when you wish, to add a whole new layer of complexity to something a process that is a bit complicated. So, when using MTD ITSA, Adminsoft Accounts only supports financial years that start on 1st April or 6th April.

MTD ITSA quarters are to fixed dates, though the exact dates depend on your financial year (see the table below). The accounting data sent each quarter is cumulative. That is, they are YTD figures (unlike VAT Returns). This makes it easier to correct any mistakes, and means in effect, while the quarter end dates change, the start date is always the start of the tax/financial year:

Quarter	Start date	End date
1	6 th April	5 th July
2	6 th April	5 th October
3	6 th April	5 th January
4	6 th April	5 th April

However, HMRC will allow you to change to using calendar months instead of tax months. This then makes the quarterly update periods as per the table below:

Quarter	Start date	End date
1	1 st April	30 th June
2	1 st April	30 th September
3	1 st April	31 st December
4	1 st April	31 st March

All quarterly updates are required to be submitted by the 7th of the following month. So, for example, if the period ended 5th July, you would have until 7th August to submit the update. If you're using calendar months, and the update ends on say 30th June, you still have until 7th August to submit it. If you miss the deadline you may, incur a penalty from HMRC (though in the first year of using MTD ITSA, they may not issue penalties).

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If you find a submission was in error, unlike VAT Returns, you can correct the transaction/s, and the correction will show in the next quarterly update. For this reason, unlike with VAT Returns, if a transaction has been included in a quarterly update, it can still be edited if required.

If you submit an update for quarter 4, then realise there is an error, provided the End of Period Statement (EOPS) has not been submitted in the 3rd party software you need to use for the end of year process and tax return, then you can correct the error and re-submit quarter 4.

In theory, it is possible to submit quarterly updates more than once a quarter. The advantage is that your tax calculations are updated each time, and so are more up to date. Currently (as of Mar.'26), Adminsoft Accounts does not support more frequent 'quarterly' updates. We don't want to make things more complicated than they already are. But if there is a demand for this, we may reconsider.

At the End of the Tax Year

Adminsoft Accounts does not handle the tax year end filings. For that you'll need to use some other 3rd party software. You can however, for convenience, set up Adminsoft Accounts to start up this software (or on-line service) from a button in the MTD ITSA menu.

The end-of-year filings are similar to the information required to be input into HMRC's own tax filing system. Requiring details of income, such as non-PAYE income, dividends, pension income, interest on savings, etc. And details of reliefs, such as marriage allowance, EIS, etc. that may help reduce your tax liability (there aren't many of those...)

As Adminsoft Accounts does not handle year end filings, I don't intend to go into any further detail.

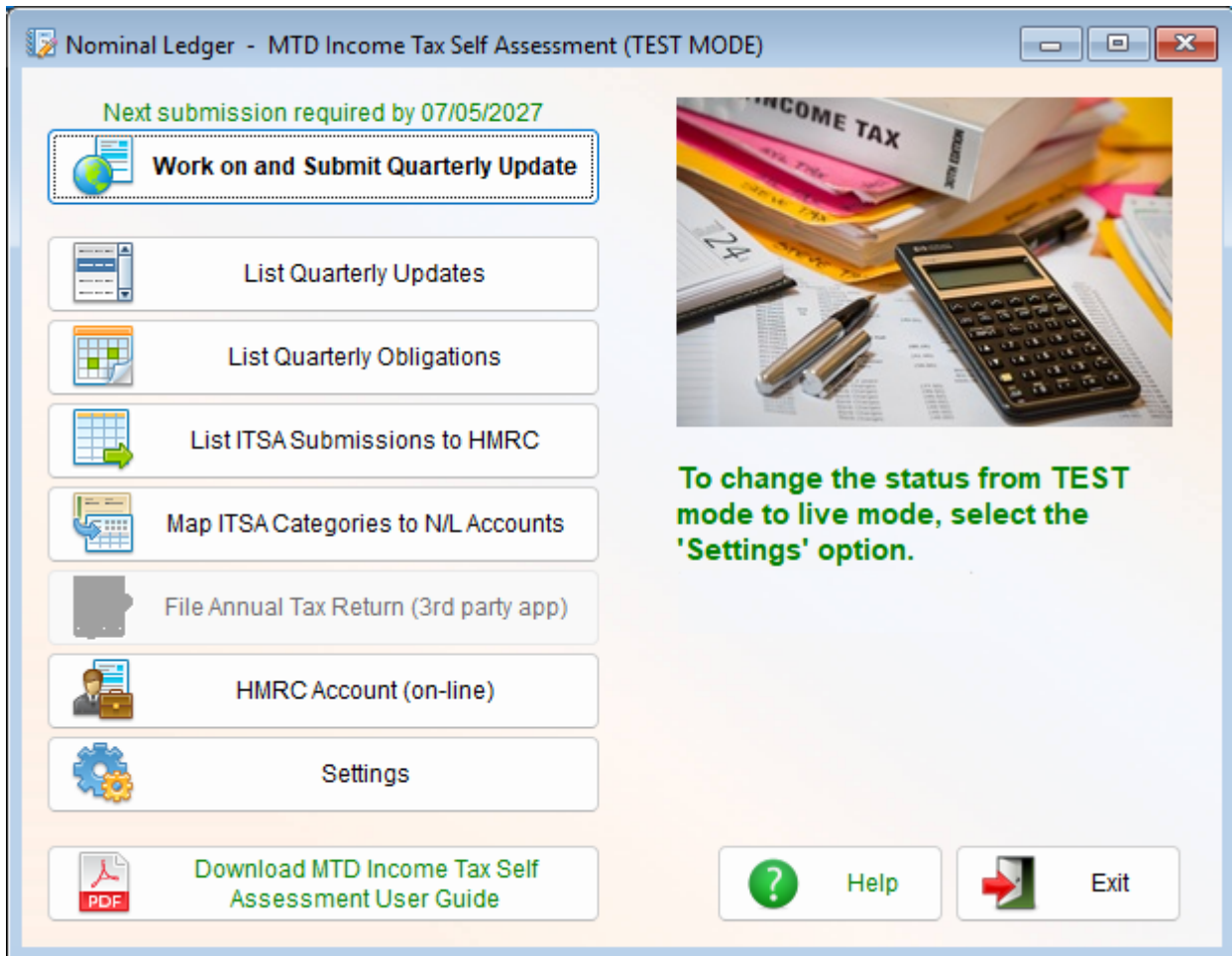
Operating the Software

When the software is installed, by default MTD ITSA is disabled. So, the first thing to do is to enable it. To do this, select 'Setup' on the top menu bar, go down to 'Nominal Ledger', and in that menu select the option 'Settings'. In there, you'll see the setting 'MTD Income Tax Self Assessment' that needs setting to 'Yes' to enable MTD ITSA.

Once enabled, in the Nominal Ledger menu you'll see a new option 'MTD ITSA Menu'. This will be just below the 'MTD VAT Menu', if you are VAT registered. Click on that. You'll be presented with a small menu that contains all the options you need to operate MTD ITSA (see the image on the next page).

The jobs to do in order, are: check the Settings option. Enter your NI number, and then click the '**Get the Business ID**' button to obtain your business ID. If running in TEST mode, which is the default, you don't need to do either of these things, as they'll be populated by test data when you make your first submission. Next job (whether in TEST mode or not), is to select **Map ITSA Categories to N/L Accounts**. See below as to why that is so important. You're then ready to make your first quarterly submission. Make sure you do it well before the deadline, especially if it's your first one.

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Work on and Submit Quarterly Update is pretty obvious. Whether you're using simple or full submissions, this is the option you'll be using.

List Quarterly Updates will list every quarterly submission made from Adminsoft Accounts. From within this option, you can also view details of the data that was submitted.

List Quarterly Obligations will list the quarterly period submissions expected by HMRC, along with the due date of each. It may also list some previous quarters that have already been submitted, and allow you to view the details of what was sent. This is similar to the 'Display VAT Data Held by HMRC' in the MTD VAT menu. Like that option, the information held in this list can be updated by HMRC if you click the 'Update' button.

List ITSA Submissions to HMRC lists ALL submissions. As well as the quarterly submissions of accounting data, you can also make some other submissions from the Settings option. Such as requesting your business details, changing the account type to accrual, and requesting details of foreign property (more about that later). Some submissions will be automatically made for you when you set the system from TEST mode to Live mode.

Map ITSA Categories to N/L Accounts, this option is very important, even if you use simple quarterly submissions rather than full submissions. HMRC have a small collection of categories. Each category represents a type of income or expense (generally). So, each category will usually have one or more N/L accounts associated with it, contributing to the balance each

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quarter. It is very important that all N/L income and expense accounts that need to be included in the quarterly submission are allocated to an ITSA category. In this option, each income, expense and asset account is listed, and you can see which category it is associated with. So, you'll easily see any accounts that are not associated with a category, or any that may be associated with the wrong category. These associations can be edited.

While HMRC's categories mostly relate to income and expenses, there is one category that does not, HMRC call it taxTakenOffTradingIncome. It refers to amounts withheld by your customer on each invoice while operating CIS (Construction Industry Scheme). If you do not operate CIS, you can ignore this. But if you do operate CIS, these withheld balances are likely to be posted to an asset account. When automatically mapping N/L accounts to HMRC categories, the system will check your S/L settings for a default account CIS deductions, and map that account to the taxTakenOffTradingIncome category.

The categories HMRC require are:

Income:

Turnover

Other income

Tax already paid

Expenses:

Cost of sales

CIS contractor costs

Advertising costs

Other expenses

Staff costs

Premises costs

Maintenance costs

Travel costs

Entertainment costs

Administration costs

Professional fees

Bad debts

Interest

Finance charges

Depreciation

Property businesses have a different set of categories. Which I haven't listed here, as I'm sure you get the idea how the ITSA categories relate to your N/L accounts.

HMRC are interested in balances that account for actual transactions that directly involved a sale or a purchase, and are either entirely or at least partially for business purposes. The following types of account should NOT be assigned to an ITSA category:

- Anything that's 100% personal expenditure (partial personal expenditure is handled in the Quarterly Update submission option).
- Purchases of assets that cannot be written off in the year of purchase (things like cars, for example, these are dealt with at year end). Anything that can be written off in the first year

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should be posted as an expense when purchased. Otherwise at the year end, you will need to make some postings between asset and expense accounts to account for assets that can be written off in year one. See below.

- Depreciation. Note: there is an ITSA category for this, but it should not be used. Unless you post the purchase of all assets to one or more asset accounts, and then for assets that are written off in the year of purchase, you make postings for depreciation. Whether that is one posting, or a posting for each account period left in the year to spread out the cost, is up to you.
- Gift Aid / charitable donations.
- Client entertaining.
- Owner drawings.
- Payments of pension, income tax, National Insurance, fines and penalties. However, pension, tax and NI payments on behalf of employees are acceptable.
- Stock adjustments such as revaluation. Though adjustments for lost/broken stock are acceptable.
- Accounting adjustments such as accruals, prepayments.
- Provision for bad debt (though actual bad debt can be included) or anything similar.
- Where property is jointly owned, optionally, no expenses need to be reported that relate to that property. They can be reported at year-end.
- The capital portion of any mortgage or other loan repayments. In other words, only the interest can be included.
- Expenses that involve improvements to a property or some other asset (in theory, increasing the asset value).
- Private use adjustments. For example, claims for using your home as an office should not be expensed. Such claims are made at year-end.

This list is not exhaustive. There may be other accounts/postings that should not be included. To my knowledge, HMRC do not publish a definitive list of what should and should not be part of the quarterly submission. Probably, include anything that increases your sales, and anything that is an expense that can be claimed against those sales (subject to some claims that are made at the year end).

For the avoidance of doubt, Cost of Goods Sold should be included. Stock bought for immediate resale should be posted to that account. Stock bought to keep in store for sale at some later date should be posted to the main stock account (asset). When any of that stock is sold, it should use COGS to make postings between the stock account (asset) and the Cost of Goods Sold account (expense). You will need to set up the system to use COGS, this is done from the Sales Analysis Codes option in Sales Ledger setup.

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When you first enable the ITSA MTD system, the software automatically allocates all income and expense accounts to ITSA categories. But you do need to check them, as it will not always automatically allocate an account to the correct category. So, it is VITAL you check out this option before making your first quarterly submission.

File Annual Tax Return (3rd Party app) is a button you can use to launch your end-of-year tax filing software or on-line platform. The name of the button can be edited accordingly. This is all done in the Settings option. It doesn't make any difference to Adminsoft Account whether you use this option or not, it's simply provided here for your convenience.

HMRC Account (on-line) will start up your default browser and take you to the HMRC login page. This is very useful should you want to check your details, and potential tax liability at any time.

Settings contains the stuff you need to set up the MTD ITSA system. There is nothing here you'll require on a regular basis.

Once you're up and running, the only options you're likely to need are **Work on and Submit Quarterly Updates**, and occasionally checking **Map ITSA Categories to N/L Accounts** (particularly before your last quarter submission for the tax year, to make sure no new accounts have been missed out, and that no accounts have been accidentally included that should not be).

The **Settings** option looks something like this:

The screenshot shows a software window titled "Nominal Ledger - MTD Income Tax Self Assessment Settings (TEST MODE)". The window is divided into several sections:

- Business Information:** Fields for Business ID (XBIS12345678901), NI number (JW978872C), Accounts required (Full), and Business type (Property (UK)).
- Current Period:** Fields for Current period (2027), Year start date (01/04/2026), Year end date (31/03/2027), and Period end date (31/03/2027).
- Business Dates:** Fields for Business start date and Business end date, both currently empty.
- 3rd party application for Year End tax return filings:** Fields for Application name, Location of the application (On this PC and Web URL), and a Browse button.
- Action Buttons (Right Side):** A grid of buttons including "Re-run GO LIVE Process", "Put MTD ITSA System into Live Mode", "Re-authorise Self Assessment MTD access", "Clear Down Current Period Data", "Find an On-line Platform to Handle End of Year Declarations", "Get Business Details", "Change Accounting Type to Accrual", and "Foreign Property Details".
- Footer Buttons:** "Help", "Cancel", and "OK" buttons.

Please bear in mind, when in TEST mode, the quarterly period will not move forward to the next quarter after a successful submission. Also, unlike VAT and Payroll, Self Assessment when in TEST mode behaves a little differently to how it behaves when in live mode (this is the way HMRC designed their system).

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If you do not want to make quarterly submissions, and want to disable the MTD ITSA system, you can do this from the Nominal Ledger Settings option. Select 'Setup' on the top menu bar, go down to 'Nominal Ledger', and select 'Settings' at the bottom of that menu. You can also re-enable the MTD ITSA system from there.

Data Fields:

'**Business ID**' is a reference that will be given to you by HMRC to allow you to use MTD Self Assessment. You cannot type this in, it will be obtained from HMRC when you click the '**Go LIVE**' button (another window opens before it makes any submissions to HMRC).

'**NI number**' is your regular National Insurance number. When running live, you will need to enter this, as everything depends on a valid NI number. When running in TEST mode, you cannot type anything into this input field, as it will be automatically populated from test data provided by HMRC.

'**Accounts required**' allows you to specify whether full accounts are required (i.e. a detailed breakdown of your sales and expenses), or whether you just need to report a total figure for sales and a total figure for expenses. Often called "simplified accounts" (sometimes referred to as "three line accounts"). If your business sales are below the VAT threshold you can use simplified accounts. That's under current legislation as of November 2025, so please check the situation if you decide you want to use simplified accounts. Note: even when using simplified accounts, you will still need to make sure each sales and expense account that needs to be included in the submission to HMRC has an ITSA category associated with it. Nominal Ledger accounts with no ITSA category associated, will be ignored by the quarterly submission. If the '**Business type**' is set to a property business (UK or foreign), then I'm afraid simplified accounts is not an option. HMRC do provide the facility for simplified accounts for property, but it requires so much data there is little difference between full and simplified accounts, so it simply wasn't worth implementing it.

'**Business type**' specifies what type of business is being run. In TEST mode, you can manually change this. But when running live, this is selected for you, taken from data supplied by HMRC.

There are three basic types of business:

Self Employed which is for any kind of business that is not involved in the ownership and renting out of property.

UK Property involves the renting out of any property located within the UK. This includes residential lettings, holiday homes (as in holiday lets), commercial property, land, in fact, just about any kind of property. Whether furnished or unfurnished.

Foreign Property involves the ownership and renting out of any property located outside the UK. This includes residential lettings, holiday homes (as in holiday lets), commercial property, land, in fact just about any kind of property. Whether furnished or unfurnished. When the system goes live, another window will appear asking you to make a submission in order to obtain an ID number of the foreign property. The system can still run in live mode without it, but it will not be able to make a quarterly submission. Hence if you can't for any reason obtain an ID when going live, there is a separate button in the Settings option '**Foreign Property Details**' that allows you to try again.

There is an issue around handling foreign property. HMRC will issue an ID for each foreign

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property you own. But they only allow one foreign property business. So, when you have multiple foreign properties, a quarterly submission is supposed to contain a set of accounting figures for each one (identified by the country code and property ID number). All sharing the one set of accounts. Currently, splitting up the accounting data in this way simply isn't possible in Adminsoft Accounts. Handling one foreign property is fine, just not multiple foreign properties. Each UK property does not have an individual ID, the figures are all added together, and so handling multiple properties within the UK in one set of accounts is not an issue.

If your business includes regular trade as well as renting out property you own, and you only operate one set of accounts, you will need to start operating two sets of accounts, or more. You don't need one set of accounts for each property, only one set for each type of business. In Adminsoft Accounts, each one needs to be a separate company/organisation (i.e. separate sets of ledgers). Income from property renting cannot be mixed with regular trade. They need reporting separately (each having their own MTD ITSA submission), and each requires their own business ID (if you haven't already done so, you will need to apply to HMRC for separate business IDs for each of your businesses). This is a requirement of HMRC under MTD ITSA rules.

If running in TEST mode, you can manually set the '**Business type**' input selection. It defaults to '**Self Employed**', as this is likely to be the most used type. If you change it to one of the property types, you will need to click the '**Clear Down Current Period Data**' and '**Re-authorise Self Assessment MTD access**' buttons. Otherwise, the system will not be able to make a successful quarterly submission (likely, the N/L accounts will not be mapped to the correct ITSA settings, which are different for different business types).

'**Current period**' is the tax/financial year and quarter number (which will be 1 to 4). The tax/financial year is the year in which the tax/financial year ends. For example, for a tax/financial year starting 6th April 2026 to 5th April 2027, is considered to be tax/financial year 2027. **IMPORTANT: Your financial year end MUST end on a 30th March or 5th April. A practice HMRC encourage. While in theory, it is possible to operate a financial year that does not map to the tax year, in practice it introduces a substantial amount of extra complication. So, we decided not to implement the facility.**

All the dates below are automatically calculated based the '**Current period**'.

'**Year start date**' is the start of the current tax/financial year for the next MTD ITSA submission. As the figures submitted are actually year-to-date (prior to 2026/27 they were for the quarter only), so when submitting a quarter, you are submitting your data from the start of your financial year up to the period end date.

'**Year end date**' is the end of the current tax/financial year. Both this date and the start date mentioned above, are created in the Nominal Ledger account periods option.

'**Period end date**' is the end of the current tax quarter for the next MTD ITSA submission. The submission will include all relevant transactions from the start of the tax year (this may be 1st April or 6th April - the default) onwards, up until this period end date.

3rd party application for Year End tax return filings:

As Adminsoft Accounts only handles the in-year processing of MTD Self Assessment, you will

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need to use some other software or an on-line service to file your year end tax returns. You can enter the details of the product you will be using in this section. But it is optional, it's simply for your convenience, so you can quickly access it via the MTD ITSA Menu.

'**Application name**' allows you to enter the name of the product or service you will be using. This will appear as an option in the MTD ITSA Menu.

'**Location of the application**' can be on your hard drive (or a file server hard drive), in which case use the input field '**On this PC**', or it can be an on-line service, in which case enter the URL into '**Web URL**'.

Buttons:

'**GO LIVE**' (or '**Re-run GO LIVE**') allows you to put the system into live mode for the first time. It displays window that asks for a few basic details, and then makes the necessary submissions to HMRC. If you have already put the system in live mode, the text on the button will read '**Re-run GO LIVE**'. This is in case there's an issue, and you need to run it again. You can even do this after making your first quarterly submission. But if you operate more than one business it is extremely important you select the same business. Otherwise further quarterly submissions will confuse HMRC. See about this at the end of this section on buttons.

'**Put MTD ITSA System into Live Mode**' does exactly that. Unlike the VAT or payroll systems, where you can swap between live and TEST modes with ease, ITSA is a little more involved. When enabled, the system defaults to TEST mode. So, you can have a play around it, and make various submissions to HMRC, which they will ignore (but will provide messages as if they were the real thing). If you make a quarterly submission under TEST mode, the period will not roll forward to the next period, unlike when it's in live mode. When you click this button, if you haven't put the system in live mode before, it will display a window that will ask for some basic details, and then make the necessary submissions to HMRC in order to obtain your live credentials. Basically, it will do the same as clicking the '**GO LIVE**' button.

If the system is in live mode (the button will say '**Put MTD ITSA System into TEST Mode**'), if you click the it, it will make a submission and ask HMRC to create a pretend business. They will supply a pretend business ID and NI number. When you put the system back into live mode, it will reinstate your actual business ID and NI number (assuming they have already been set up).

'**Re-authorise Self Assessment MTD access**'. When you make a submission for the first time, HMRC will require you to login into their web site (which will appear automatically during the submission, this is probably when going live for the first time), and grant access for Adminsoft Accounts to send/receive your accounting data. In theory, it will require re-authorisation every 18 months, again this is automatic. In practice, it's often less than 18 months.

Sometimes, when going through the process of this authorisation, if you enter the user name and password for the wrong business into HMRC's web portal, they won't tell you. It may be accepted as if everything is fine, but the submission will fail. So, this option forces the system to go through the authorisation process again (on the next submission), allowing you the opportunity to enter the correct details.

If you make VAT submissions, you will be familiar with this process of authorisation.

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'**Clear Down Current Period Data**' you will probably never need! If the data in the quarterly update option does not look right, and/or, not all ITSA categories are present, then you might want to run this option. It will clear out all the data for the current quarter. When you then go back into the quarterly update option, it will automatically re-build the data. Before clicking this button, make sure the quarterly update window is not displayed, as that make prevent the data from being deleted.

'**Find an On-line Platform to Handle End of Year Declarations**' will start up your default web browser and display a page on HMRC's web site that will allow you to locate a suitable service to handle your end-of-year tax filings. This link is a requirement of HMRC.

'**Get Business Details**' will make a submission to HMRC and get some basic details they hold about your business, such as the business type, period start/end dates, and postal address.

'**Change Accounting Type to Accrual**' allows you to change the accounting type, as held in HMRC's data from cash to accrual. Adminsoft Accounts can only handle accounting data on an accrual basis. When you tell the system to go live, it checks for this, and if HMRC think your business is cash, it will automatically make a submission to HMRC to inform it that it's actually accrual. If this submission fails, it will still go live and allow you to make live quarterly submissions, but this button will be enabled (normally, it should be greyed out). One problem, is that HMRC will only allow an application to change the accounting type AFTER the tax year has ended. I've no idea why, but that's how they have implemented it. So, if this button is not greyed out, you need to run it as soon as your tax year has ended.

'**Foreign Property Details**' allows you to enter some basic details of the property, and make a submission to fetch the property ID (necessary to make quarterly submissions). This option is only available if the '**Business Type**' is set to foreign property (which is done automatically when in live mode).

Going Live

As discussed in the section above about the Settings option, when you're ready to take the system out of TEST mode and go live, click the '**GO LIVE**' button in the Settings option. This will display a small window, the image is on the next page.

In TEST mode, some of the settings, such as NI number, are simply test data provide by HMRC. In this option, all the data should be your actual data.

The system will come up with the tax year based on today's date, but it may not be correct, so edit if necessary. The same goes for the tax period (as accounting data submissions are made quarterly, there are 4 periods). If you are starting part way through a tax year, you may not be starting as period 1, which is fine. Note: a tax year is the year in which the tax year ends. For example, if a tax year runs from 6th April 2026 to 5th April 2027, then the tax year is 2027.

The '**Business start date**' and '**Business end date**' are only required if either date falls within the tax year. If it does not, you can ignore them.

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Nominal Ledger - MTD Income Tax Self Assessment - Go LIVE

This option makes the MTD ITSA system live. If you put it back into TEST mode, when returning to live mode, it will not require this option again.

NI number: AB123456C (2 letters, 6 digits, followed by 1 letter)

Tax Year: 2027 (YYYY)

Period: 4 (1 to 4)

Business start date: // (can be empty if start date is before the tax year start date)

Business end date: // (can be empty if end date is after the tax year end date)

When you click the "GO LIVE!" button, the system will make several submissions to HMRC in order to set up to operate live. The submission window will appear and vanish several times, this is normal, expected behaviour.

Buttons: ? Help, X Cancel, ✓ GO LIVE!

The '**GO LIVE!**' button will ask if you're ready to go live before it starts processing. Once it starts processing to go live, it will make several submissions to HMRC to obtain data, and provide HMRC with some updates. So, you will see the submission window appear and disappear several times, this is exacted behaviour for this option. If it encounters a problem, the process will end with a message indicating what went wrong. If the issue can be resolved, you can run this option to go live again (from the settings option).

Once the system has gone into live mode, it is probably best to keep it in live mode. Though you can switch back into TEST mode if you wish (in the 'Settings' option in the MTD ITSA menu).

TAX YEAR AND FINANCIAL YEAR

Before MTD ITSA came along, the self employed could have any financial year they liked. It could start at any time, and finish 12 months later. Whatever tax year the financial year ended in, that was the year in which the sales and expenses for the financial year were reported. With the introduction of MTD ITSA pending, over the last few years HMRC have been encouraging the self employed to adjust their financial year to align with the tax year. Ending on 5th April each year, though HMRC would also accept years ending on 31st March each year (allowing the financial year to consist of 12 complete calendar months, which is useful).

In theory, it is still possible for your financial year to not be the same as the tax year. But it does make things a lot more complicated, as it means the tax year will cover part of one financial year and then part of the next. This requires working out an apportionment of profit from each section of the financial year accordingly. We took the view that we didn't want the operation (or software development) of MTD ITSA to be even more complicated than it is already, so Adminsoft Accounts only supports financial years that end on 31st March or 5th April. We have not developed the extra options and submissions that would be required to split financial years. If your financial year does not end on a 31st March or 5th April, you will not be able to go live.

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Once the Go Live process is complete, it will display a message to indicate it was success (or otherwise), and the system is now live. If it discovered that HMRC think you're operating your accounts on a cash basis, it will try to change that to an accrual basis. As Adminsoft Accounts can only operate on an accrual basis. If the submission to do that fails, it will still make the system live. But it will enable the '**Change Accounting Type to Accrual**' button in the Settings option. This is to allow you to select that option and manually make the submission again, probably at the end of the tax/financial year, as that's when it's most likely to be accepted. Note: while there is an option in the VAT settings menu to operate VAT cash accounting, that only changes the way in which VAT is reported, it does make the accounts system operate on a cash basis.

So, the next step is to back into the Settings option, and check that all details look correct. Click on the '**Get Business Details**' button, and make sure it is setup for the right business. Vital if you run more than one business.

The final step is to select the '**Map ITSA Categories to N/L Accounts**' option in the MTD ITSA Menu, and check that all N/L accounts that need to be included in the quarterly submission are allocated to an ITSA category. And, that accounts that should not be included have not been allocated to an ITAS category. **It is your responsibility to ensure the correct accounts are included in a submission.**

Once you're happy that N/L accounts are allocated to ITSA categories as required, that is the set up completed. Most of the time, you will simply be running the quarterly submission every three months, and will rarely touch any other options in the MTD ITSA Menu.

Quarterly Submissions

The '**Work on and Submit Quarterly Update**' option is the first option in the MTD ITSA menu. Preparing for a submission, and the actual submission itself, are done from this option. There are two versions of it. A full version, that presents you with the figures for each ITSA category, and a simplified version, that just presets you with a total for sales and a total for expenses.

Simple Version

The quarterly submission of accounting data comes in two forms: There is the simple submission, which is this option. Currently (as of January 2026), any business that is below the VAT threshold for sales can use this simplified submission. If your turnover is above the VAT threshold, you will need to make full submissions. **This change is NOT automatic.** You can change the submission type in the Self Assessment Settings option. This can be done at anytime, even when part way through a tax year.

A quarter has to be submitted by the 7th of the following month. So, for example, if your period end is 5th July, you need to make the submission no later than the 7th August. If your period end is on a month end, say 30th June, you would still need to make your submission no later than 7th August. This means successful submissions. If your submission fails, HMRC will ignore it, as if it hadn't happened. Depending on the issue, they may not even be aware of it. **ALWAYS leave yourself plenty of time, and make your submission early.** There is nothing to be gained by a late submission.

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After submitting your last quarter for the tax year, we strongly recommend you close the accounting periods covered. Closing the account periods will prevent any transactions being entered into an account period that's already been reported to HMRC, or any edited. If you have to edit or enter any transactions after submitting the last quarter, you will need to make suitable adjustments when filing the year-end figures.

Nominal Ledger - Self Assessment MTD - Quarterly Update Simple Submission (TEST mode)

Please note: It is YOUR responsibility to ensure ALL amounts are correct, and they are properly submitted to HMRC.

All figures are Year-to-Date

Period end date: **31/03/26**

Tax quarter: 4
Tax year: 2026
Updated:
Status: **Not submitted**

Turnover (Sales):	2,826.04
Expenses:	40,773.39
Disallowable Expenses:	0.00
Taxable profit:	-37,947.35
Tax paid (CIS):	0.00

Submit This Quarter to HMRC (TEST)

Adminsoft Ltd. nor any of its developers, associates or any other involved parties can be held responsible in any way whatsoever for incorrect data and/or incorrect or failed submissions.

Location and file name of the file containing details of disallowable expenses (optional):
C:\WORK\WINDEVACCOUNTS4\TEMP\3604612883.XLS

Load File Remove File View/Edit File Help Run Report View (text) OK

Above is an image of the window for simple quarterly submissions. In this case, being our test data, the business is making a considerable loss!

As you will see, the turnover (sales) and expenses amounts are calculated for you, based on the N/L accounts as allocated to the various ITSA categories. Although the submission is for a quarter, the quarter start date is not important because the figures being reported are always the tax/financial year to date. The quarter period end date is, of course, the important date. Transactions before the start of the tax/financial year or after the quarter period end date are not included.

As the figures are for the tax/financial year to date, if you need to correct any transactions in a quarter that has already been reported, or add in one or more old transactions, provided they are in the current tax/financial year, that's not a problem. If you discover an error after you have submitted the accounts data for the fourth quarter, you may need to correct the figures via your year-end submissions. If you're using this simplified submission, it's unlikely you are VAT registered. But if you are, you will, of course, not be able to edit any transactions that have been processed as part of a VAT period end. In which case, you would need to enter a new transaction to

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make the correction.

In theory, no transactions that are not directly in connection with your business should go through the business accounts. In practice, it's not always that simple. Some transactions will need to go through the business accounts, but a proportion cannot be claimed against income for tax purposes. The amount that cannot be claimed is called a "**disallowable expense**". We recommend you maintain a spreadsheet showing any transactions that contain an amount that is a disallowable expense. The year-to-date total amount of disallowable expenses needs to be entered into this option. We also suggest you load up the spreadsheet (or whatever document you are using), in order to keep a record.

You can load up your disallowable expenses document by typing the location and file name into the input field, or clicking on the button to the far right of the input field that will allow you to navigate your hard disk, or you can drag and drop the file into the input field. If the location and file name are valid, you will be able to click the '**Load File**' button. This does not simply store a copy of the location and file name, it actually loads the file into memory. When you click the '**OK**' button, the contents of the file are saved in the Adminsoft Accounts data base. So, whatever happens to the original file doesn't matter, as the contents of that file will always be available.

You can click '**Remove File**' to unload a file. It does NOT delete the file on your hard disk, it simply removes the file from memory. Clicking '**View/Edit File**' allows you to view the file and make any changes. **IMPORTANT:** If you do make any changes you will need to save the file, click '**Remove File**' button to remove it from memory, and then load it up again.

If you are viewing details of a quarter that has already been submitted, you will not be able to make any changes to it. Although you will be able to load up your disallowed expenses file, and make changes, you will not be able to save those changes back into the system. You would need to save the file elsewhere. For obvious reasons, we do not recommend you do this if at all avoidable.

The '**Tax paid (CIS):**' figure is calculated automatically from the Nominal Ledger account for CIS deductions made. The default is account 1610. But which account is used can be changed in the Sales Ledger Settings option.

When you're happy that details for the quarter are correct, you can click the '**Submit This Quarter to HMRC**' button. The software will check with you first to make sure you're ready to go, and it will then make the accounts data submission. If the submission is OK, it will automatically bring the system forward ready for the next quarter. If there is an issue with the submission, the system will remain with the current quarter, so you can correct any issue (or wait if the issue is with HMRC).

If the system is running in TEST mode, HMRC will indicate whether your submission was accepted or not, but it will not retain or process the information.

NOTE: It is YOUR responsibility to ensure ALL amounts are correct, and that they are properly submitted to HMRC, and on time. Adminsoft and its affiliates assume no liability for the accuracy, completeness, or timeliness of your data and submissions, regardless of cause or prior notice.

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Full Version

You can be registered for VAT, and still use the simplified quarterly submission system. Provided your sales fall below the VAT threshold. If your sales exceed the VAT threshold in any quarter, you need to use this full quarterly submission option. Selecting either option is NOT automatic. It needs to be done manually, via the Settings option in the MTD ITSA Menu. This can be done at any time, even part way through a tax/financial year.

A quarter has to be submitted by the 7th of the following month. So, for example, if your period end is 5th July, you need to make the submission no later than the 7th August. If your period end is on a month end, say 30th June, you would still need to make your submission no later than 7th August. This means successful submissions. If your submission fails, HMRC will ignore it, as if it hadn't happened. Depending on the issue, they may not even be aware it. **ALWAYS leave yourself plenty of time, and make your submission early.** There is nothing to be gained by a late submission.

Type	Income/Expense Category	Total YTD	Disallowable	Notes
Income	Turnover	990.37		
Income	Other income	0.00		
Income	Tax already paid	0.00		
Expense	Cost of sales	0.00	0.00	
Expense	CIS contractor costs	0.00	0.00	
Expense	Staff costs	0.00	0.00	
Expense	Travel costs	0.00	0.00	
Expense	Premises costs	0.00	0.00	Yes
Expense	Maintenance costs	0.00	0.00	
Expense	Administration costs	0.00	0.00	
Expense	Entertainment costs	0.00	0.00	
Expense	Advertising costs	24,331.17	0.00	
Expense	Interest	0.00	0.00	
Expense	Finance charges	116.23	0.00	
Expense	Bad debts	0.00	0.00	
Expense	Professional fees	0.00	0.00	
Expense	Depreciation	0.00	0.00	
Expense	Other expenses	43.06	0.00	

Although the submission is for a quarter, the quarter start date is not important because the figures being reported are always for the tax/financial year-to-date. The quarter period end date is, of course, the important date. Transactions before the tax/financial year start date or after the current quarter period end date are not included.

As all the figures are for the tax/financial year to date, if you need to correct any transactions in a quarter that has already been reported, or add in one or more old transactions, provided they are in the current tax/financial year, that's not a problem. If you discover an error after you have submitted the accounts data for the fourth quarter, you may need to correct the figures in your year-end submissions. If you're VAT registered, you will not be able to edit any transaction that has been

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processed for a VAT period end. If you're not VAT registered, then you have a lot more freedom, as you can edit any transaction within the current tax year. But, if you can't edit a transaction, you can still post any transactions necessary to correct the error.

After submitting your last quarter for the tax year, we strongly recommend you close the accounting periods covered. Closing the account periods will prevent any transactions being entered into a period that's already been reported to HMRC, or any edited. If you have to edit or enter any transactions after submitting the last quarter, you will need to make suitable adjustments when filing the year-end figures.

In theory, no transactions that are not directly in connection with your business should go through the business accounts. In practice, it's not always that simple. Some transactions will need to go through the business accounts, but a proportion cannot be claimed against income for tax purposes. The amount that cannot be claimed is called a "**disallowable expense**". We recommend you maintain a spreadsheet showing any transactions that contain an amount that is a disallowable expense. The year-to-date total amount of disallowable expenses for each ITSA Category needs to be entered into this option. You'll see a column in the Income/Expense Category list for disallowable expenses. It shows the year-to-date amounts. To add a disallowable figure to an ITSA category, click on the category line in the list, and click the '**Edit Disallowable**' button. This will display a small window that allows you to edit disallowable amount. Remember, this is a year-to-date figure. You can also add some notes below it to indicate where the amount has come from, or what it's made up of. You may simply write "Refer to spreadsheet file abcd123.xls" or similar. It is very important that detailed records are kept of any expenses that have a disallowable element.

The information you see in the list is the information that will be sent to HMRC (except the notes, they are for your use only). Each category represents one or more Nominal Ledger accounts. This is one of the flaws in HMRC's system, there are many.. They assume all business people know how the Nominal Ledger functions. Of course they don't. Most business people are not accountants/bookkeepers. But it's how HMRC want it to work, so I'm afraid we're stuck with it. Note: it's not so much of an issue if your turnover is below the VAT threshold and you can use a simplified submission. Anyway, if you click on any line in the list, you can then click the '**List Associated Accounts**' button to see a list of Nominal Ledger accounts that go to make up that category. You can edit the category from there, so changing which N/L accounts it contains.

If you have clicked on any category, you can also click the '**List Journals**' button, that will list any journals for all of the N/L accounts covered by that category.

Should you make any changes to the N/L accounts that make up a category, and/or edit any transactions, you will need to click the '**Re-load Data**' button, so that it updates all the amounts in the list.

When you're happy that details for the quarter are correct, you can click the '**Submit This Quarter to HMRC**' button. The software will check with you first to make sure you're ready to go, and it will make the accounts data submission. If the submission is OK, it will automatically bring the system forward ready for the next quarter. If there is an issue with the submission, the system will remain with the current quarter, so you can correct any issue (or wait, in case the issue is HMRC).

NOTE: It is YOUR responsibility to ensure ALL amounts are correct, and that they are properly submitted to HMRC, and on time. Adminsoft and its affiliates assume no liability for the accuracy, completeness, or timeliness of your data and submissions, regardless of cause

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or prior notice.