



ABEL ON PROPERTY

Self Assessment, Plain English

by Harish Verma & Awais Jawaid, Chartered Accountants

Book 6 of 14

A note from Harish & Awais Jawaid

Every year, at the same time, the same panic. January comes, and landlords across the country dig through drawers looking for receipts.

It does not have to be like that. Self assessment is just a rhythm — a once-a-year telling of your money story. Learn the rhythm, keep the beat, and it becomes boring.

Boring is good. Boring means no penalties and no panic.

In 40 years I have filed thousands of these returns. Let me show you the plain-English version.

— *Harish Verma & Awais Jawaid, Chartered Accountants*

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Plain English throughout. No jargon. If anything is unclear, call us — that is what we are here for.

What self assessment actually is

Once a year, you tell HMRC about your income. That is all self assessment is.

The tax return is not a test and not a trap. It is a story of your year: this is what came in, this is what went out, and here is the tax on what is left.

If you are employed, your employer tells HMRC about your wages. But your rental income is your story to tell — HMRC will not know it until you declare it.

Learn the rhythm and it becomes boring. Boring is good. Boring means no penalties, no panic, no brown envelopes of dread.

Getting registered

Before you can file a return, HMRC has to know you exist. If you have rental income to declare, you need to register for self assessment.

Do it early. Do not leave it until January, when half the country is queuing. Register once and you are in the system every year after.

Not sure whether you need to register? Ask. It is a five-minute question for an accountant, and it can save you a penalty.

In 40 years I have seen the same January tragedy: a new landlord discovering they should have registered months ago. Five minutes in autumn saves five weeks of panic in January.



The deadlines that matter

One date rules the year: the January deadline. By then, your online tax return must be filed and the tax paid.

Miss it and the penalties start the next day — automatically. No reminder, no grace, and no excuses you will enjoy making.

If you file on paper, the deadline is earlier, in the autumn. Fewer people do this now, but the rule still stands.

My rule for every client: aim for October. File early, know your bill early, and enjoy Christmas. The January rush is for people who like stress.

- **Through the year** — keep the records tidy, a little and often.
- **October** — my target for your return to be filed.
- **The January deadline** — the return filed and the tax paid.

What records to keep

The simple system: one place for everything. Every rent received — every month, every tenant. Every cost paid — repairs, insurance, letting agent fees, legal fees.

A word on mortgage interest: the rules changed. These days, mortgage interest only gives you tax relief at the basic rate — the old full relief is gone. If an old landlord tells you otherwise, their knowledge is out of date.

Keep bank statements. Keep receipts. Note the dates. If it relates to the property, keep it.

Keep it all, keep it tidy, and January becomes a calm month. The return practically writes itself.

In 40 years I have never met a landlord who regretted keeping good records. I have met hundreds who regretted not keeping them.



Payments on account — the surprise bill

This catches every new landlord exactly once. In your first year, HMRC does not just ask for this year's tax.

They also ask for half of next year's tax — in advance. So your first January bill can feel like paying twice.

It is not a mistake. It is called payments on account: instalments that cover the year just gone and pay ahead for the year to come.

After the first year it evens out, and it all balances in the end. But that first bill needs warning — so here it is: expect it.

If your income drops, the payments on account can be reduced — talk to us before you pay, not after.

The mistakes I see every year

January after January, the same list:

- **Leaving it to January.** The rush, the panic, the missing receipts. File in October.

- **Forgetting costs.** Every forgotten receipt is tax overpaid. Your money, given away.
- **Mixing personal and rental money.** One account for the properties. Always.
- **Guessing figures.** HMRC does not like guesses. Keep the real numbers.
- **Not telling us about a new property.** Tell us the day you buy — not the January after.
- **Ignoring what is here.** Making Tax Digital for Income Tax is live for those with qualifying income over £50,000 — quarterly updates to HMRC instead of one annual return. We will get you sorted.

Making Tax Digital is here

Making Tax Digital for Income Tax is live now for those with qualifying income over £50,000.

In plain words: instead of one tax return a year, you send HMRC quarterly updates from digital records, plus a final declaration at the end.

It sounds like more work, but with the right software it is mostly automatic — your records feed the updates as you go.

The key is a clean setup: digital records, the right software, and a simple routine. That is exactly what we set up with our clients, step by step.

If your income is below the threshold, nothing changes yet — but the direction is clear, and good digital records make life easier whatever happens.

In 40 years I have seen every HMRC change reward the same people: the organised ones. Start the digital habit now and MTD will be nothing to fear.

The short version

If you remember nothing else, remember this:

- Self assessment is a yearly story: what came in, what went out, and the tax on what is left.
- Register early — never leave it to January.
- The January deadline is the one date that rules the year. Aim for October.
- Keep every rent and every cost in one tidy place.
- Expect payments on account in your first year — it is not a mistake.
- Making Tax Digital is live for qualifying income over £50,000 — we will get you sorted.

Keep this book somewhere safe — and pass it to any landlord friend who needs it. Not all accountants are the same.

ABEL ON PROPERTY

Hand us the shoebox. We will do the rest.

Self assessment does not have to be a January panic. Bring us your rents, your costs and your receipts — tidy or not — and we will turn them into a filed return, on time, with every cost claimed.

And with Making Tax Digital on its way, now is the time to get your records into a simple system. We will set it up with you, step by step.

Talk to us

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— Harish Verma & Awais Jawaid