



Making Tax Digital (MTD) Guide for Dentists in Scotland

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What is Making Tax Digital?

From 6 April 2026, self-employed dentists and landlords with qualifying income above £50,000 must keep digital records and submit quarterly updates to HMRC using compatible software. The threshold reduces to £30,000 from April 2027 and £20,000 from April 2028. Qualifying income means gross self-employment and property income before expenses.

Who is affected?

You are likely to be affected if you operate as a sole trader, have private dental income, provide associate services, perform expert witness work, or receive rental income personally. Incorporated dental practices (limited companies) are not currently within MTD for Income Tax.

What you must do under MTD

1. Keep digital records of income and expenses.
2. Submit four quarterly updates each tax year.
3. Submit a Final Declaration by 31 January following the tax year.
4. Use HMRC-recognised software such as Xero, QuickBooks or FreeAgent.

Scottish Income Tax Rates and Bands (2026/27)

Band	Taxable Income	Rate
Personal Allowance	Up to £12,570	0%
Starter	£12,571 – £16,537	19%
Basic	£16,538 – £29,526	20%
Intermediate	£29,527 – £43,662	21%
Higher	£43,663 – £75,000	42%
Advanced	£75,001 – £125,140	45%
Top	Over £125,140	48%

Real-Life Examples

Example 1 – Associate Dentist with £90,000 profit

Estimated Scottish income tax and Class 4 NIC can exceed £27,000 before pension and allowable deductions.

Example 2 – Practice Owner with £110,000 profit

Personal Allowance is reduced by £5,000, increasing effective tax rates. Pension contributions can restore some allowance.

Example 3 – High Earner with £150,000 profit

Personal Allowance is fully lost. Income above £125,140 is taxed at 48% in Scotland. Incorporation and pension planning may create substantial savings.

Recommended MTD Software

Xero, QuickBooks, FreeAgent and compatible spreadsheet bridging software.

How Omer Adam Can Help

- MTD registration and software setup
- Bookkeeping and quarterly submissions
- Tax planning for associates and practice owners
- Year-end accounts and Final Declaration

Important: This guide is for general information only and does not constitute personal tax advice. Tax rules can change and individual circumstances vary.