



# Making Tax Digital – What’s On the Mind of Accountants

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## Biography

Joel is the CEO of My Firms App™ ([www.myfirmsapp.co.uk](http://www.myfirmsapp.co.uk)) and is no newcomer to the Fintech market or working with professional service companies. Joel owns Insight Marketing, SalesForAccountants and Insight Digital Media, with over 20 years' experience working with Accountants, IFAs, Financial Planners, Law Firms and professional service companies.

He pioneered the My Firms App product back in 2012 as he could see the huge benefits of Apps for professional firms who wanted to care for existing clients and market profitably to potential new customers. Now the company provide the only compliant approved and endorsed Apps for accountants and bookkeepers in the world. With hundreds of professional firms subscribing to the software and over 130,000 end users.

Over recent months the My Firms App platform has been successfully launched in UK, Ireland, Australia and America – with growing demand from markets such as New Zealand, South Africa and Canada.

Joel has a hands-on role within the family of companies and enjoys meeting clients and helping them future-proof their businesses. As the App continues to expand in the UK and overseas, Joel continues to ensure the App puts accountants first and the product gets get better and better with the help and support of the entire team.

Outside work you will often find Joel with his friends or family enjoying varied hobbies from salmon fishing to watching his son play rugby or sailing. Joel is also an assistant pastor at a local church and runs numerous youth groups.

**Keywords** Mobile, Digital, Apps, Making Tax Digital (MTD), Survey, Reporting, Accountants  
**Paper type** Research

## Abstract

*New survey findings reveal insights into how accountants see Making Tax Digital (MTD) as a cost burden. Over 80% of accountants believe that the Government should give financial support to businesses to help them invest in the new IT required to report digitally. In this article, the author gives a fascinating insight into what is concerning accountants about the plans for Making Tax Digital and includes the findings of a survey carried out by MyFirmsApp in August following the MTD delay statement.*

## Introduction

We can glean from the new Finance Bill 2017-19 that it is likely to be passed before the end of the year, that the general direction of Make Tax Digital (MTD) remains unchanged and although some questions remain unanswered, it is clear that HMRC wants data in a digital format – more regularly and ultimately, in real time.

As the accountancy profession takes stock, it is clear from the findings of a survey<sup>1</sup> run by MyFirmsApp into what accountants think of the plans for MTD, that they



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believe the new regime will have cost implications both for the accountant and for businesses. Overwhelmingly, (82%) of accountants that took part in the survey in August 2017 believe that the Government should offer financial support to businesses that need to invest in new IT, software or training for MTD purposes. The response was sizeable with 271 accountants taking part in the research.

### **Accountants think 74% of their clients will incur costs**

The move to the new regime is expected to attract costs for businesses of between £100 and £1000 with almost half – 46% of accountants – estimating that their clients will incur costs of between £101-£500 and 28% believe that this figure could be higher and end up between £501 and £1000.

These cost implications are based on the transition to the use of software to manage their businesses' accounts with these results suggesting that over half of SME business clients are not currently using software. Over 35% of the accountants surveyed believe that they will need to spend an additional 5-10 hours to get this particular group of their clients' ready for quarterly financial reporting and 28% believe this could take in the region of 10 – 20 hours with 7% estimating that this figure could be in excess of 50 hours. This is a sizeable requirement and something that hasn't been talked about widely in terms of the preparation for MTD.

### **Regardless of size, a move to digital record keeping is recommended by 61% of those surveyed**

Over 71% believe that businesses under the VAT threshold should not be mandated into MTD but despite this, interestingly 61% of those polled said they will be recommending to their clients, regardless of size, that they move to digital record keeping sooner rather than later.

When we speak to our customers about MTD, they tell us that they are most concerned about their smallest clients; the ones that still bring their records into the office in shoeboxes and keep notebooks. For this group, MTD represents a sea change in the way they manage their finances and it is down to the accountant to consider how best to help them make this transition to digital record keeping.

### **Search is on for a simpler solution to MTD**

The findings from our survey suggest that accountants are in favour of a simpler solution for this group with 43% of respondents supportive of the introduction of a low cost, simple to operate bookkeeping App as a sensible solution to the MTD challenge.

Working with accountants and practitioners around the world in a software business that focuses on mobile technology, we know that it is the new digital world in which we all live and work that can solve the challenge of MTD. There can be no doubt that the move to digital technology has become a mobile-first experience with over 900 billion hours spent on Apps last year<sup>2</sup>, and the number of Smartphone users expected to reach 48.26 million<sup>3</sup> in the UK this year. The business world is changing because of the rate of mobile adoption and mobile devices such as Smartphones and tablets are used for all kinds of business activity: for talking to



customers, for raising quotes, creating invoices or capturing receipts and for searching for information that is relevant to their business; all with the help of Apps.

By providing business clients with a single simple App, it is possible to record all the necessary information needed for MTD by using the in-built camera on their Smartphones and Tablets to photograph receipts and allocate them to the relevant account and by taking photographs of their invoices. If the client does not want to use the camera, the other option is to simply enter a daily cash value so that income is recorded with the same fuss free method.

The screenshot displays the 'MY FIRMS APP' interface for 'Boehm Group'. It features a sidebar with navigation options like 'Income', 'Expenditure', 'List Expenses', and 'Settings'. The main content area shows two 'MONTHLY EXPENSES' cards, both indicating a decrease of -5,440.45 GBP compared to last month. Below these is a 'LATEST EXPENSES' table with columns for Date, Category, Name, Amount, and Action.

Date	Category	Name	Amount	Action
05/03/2017	Maintenance Costs	In Excepturi Quasi Receipt	484.26 CAD	
05/03/2017	Travel Costs	Ullam Sit Et Receipt	116.38 CAD	
05/02/2017	Admin Costs	Nostrum Aut Occaecati Receipt	42.84 CAD	
05/01/2017	Staff Costs	Tempora Assumenda Dicta Receipt	131.45 CAD	
04/30/2017	Maintenance Costs	Cum Ut Nam Receipt	430.39 CAD	
04/29/2017	Cost of Goods Bought	Totam Fugit Expedita Receipt	350.88 CAD	
04/28/2017	Cost of Goods Bought	Repudiandae Hic Voluptatem Receipt	12.54 CAD	
04/28/2017	Advertising Costs	Dolores Ex Id Receipt	483.16 CAD	

Through an App that connects the practitioner and the client in real time, it will become crushingly simple to check entries and take over the regular filings for the client and in doing so, place the accountant right at the centre of the digital tax initiative. With built-in intelligence that utilizes the latest technology to understand what data has been uploaded for the summary return and what may be missing, the App will use a 'push notification' messaging capability to alert the client that information is still required.



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### **Window of opportunity**

We believe that MTD presents the profession with a huge potential to rethink the services it provides to clients. With new digital tools and Apps to smooth the passage of MTD, there is a compelling window of opportunity to change current offerings and offer a range of very different services.

The debate around the implications of MTD will undoubtedly take centre stage over the coming months and there will be a whole range of views on the options available. One thing we can be certain about, it is gearing up to be a fascinating period for the profession.

#### **Reference**

- <sup>1</sup> <https://www.myfirmsapp.co.uk/docs/mtd-survey-results.pdf>
- <sup>2</sup> App Annie 2016 retrospective
- <sup>3</sup> Statista forecast 2017