

# An 'Appy' journey to a simple MTD solution

Joel Oliver explains how App technology can help you overcome the challenges of Making Tax Digital



**The UK government** has set a target of 2020 for a fully digital tax system to make HMRC's tax administration "more effective, more efficient and easier for the taxpayer".

Although some questions still remain unanswered, the challenges of Making Tax Digital (MTD) are now clearer following the HMRC statement at the end of January. Let's not forget that it all starts with sole-trader, partnership and landlord clients

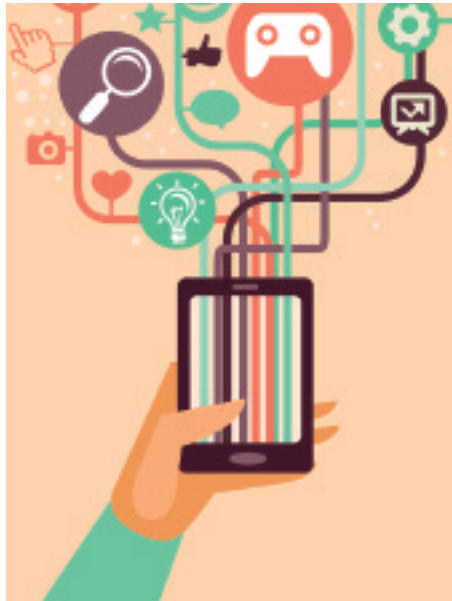
One thing we can be sure of is that MTD is going ahead and 2017 is the year when most accountants will need to start giving the subject serious attention as they are forced to reset their strategies for a digital age. ICPA chairman Tony Margaritelli said: "The digital agenda is being backed by a massive £1.3b investment so it will not be going away."

We believe that MTD presents an opportunity for the profession with the very real potential to enhance the role of the accountant into the necessary real-time tax advisor. With the deadline for submitting quarterly returns one month after the quarter end date, quarterly reporting, if handled correctly, should also open the door to additional advisory work and business planning (should the firm want it) and it can be achieved even for the most basic of your clients.

The questions many accountants are asking themselves are, 'Can we operate as we do now?' and 'Do we want our clients to be responsible for their own quarterly filing?' If the answer is no to both these questions, changes are inevitable.

There are two groups of clients that are likely to find the transition to MTD most challenging: those that keep their books manually and file their own VAT via the gateway; and those that HMRC describe as straightforward, again manual record keepers, not VAT registered, non corporate and not an employer.

We see that for those 'straightforward' clients an App will provide a simple and effective solution that will not require any accounting knowledge, just the ability to use



the inbuilt camera on their smartphone. This solution retains the accountant-client relationship, giving the accountant all the control and flexibility needed to ensure their client's compliance.

"It will be down to accountants to make it work for their clients and I think an App will play a significant part in delivering this," said Tony Margaritelli.

## Mobile domination

There can be no doubt that the move to digital technology has become a mobile-first experience with over 900 billion hours spent on mobile, and the number of smartphone users is expected to reach 44.9 million in the UK this year. The business world is changing because of the rate of mobile adoption and mobile devices 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.

By providing clients with a single simple App, they can record all the necessary information needed for MTD by photographing receipts and allocating them to the relevant account and by taking photographs of their invoices. Or they can simply enter a daily cash taking value so that income is recorded with the same fuss-free

method. All of which helps the accountant to maintain strong client relationships and maintain that trusted advisor status that is capable of being eroded by MTD.

This is a win-win situation for the accountant, as it is easy to track what clients are doing with an integrated dashboard, monitor entries and make amends. This easy-to-use solution will keep accountants at the forefront and enable them to be responsible in real-time for MTD's quarterly returns.

The App solution is compliant with HMRC, and you can download a demonstration version for free by visiting the App store and typing in 'myfirmsapp'.

As a business, we are investing heavily in ensuring that our team remains on the cutting edge of the changes and we are working closely with ICPA, among others, to build the future runway of the App.

Our development plans include an enhanced dashboard control centre for the accountant that essentially becomes the 'middle man' between the App, the client and the accountant. Traditionally, getting the data to the accountant has involved manual exports of that data from the App itself, but the cloud portal changes this by allowing the accountant to login directly and gain instant access to any information collected by their client including:

- Income
- Expenditure
- Mileage logs

MTD adds an interesting layer to this. Keen on keeping the accountant as the one responsible for all communications with HMRC on behalf of their client, we are developing the system to integrate with HMRC's new API platform, which will enable the accountant to:

- View and amend the data clients collect.
- Be in complete control of when that data is submitted to HMRC.
- Be responsible for all submission to HMRC for their clients.
- Eliminate the pain from Quarterly Reporting for the client. No bookkeeping knowledge required they simply use a mobile App to keep track of income and expenditure, and leave their accountant to do the rest.
- Automatically synchronise any data collected to the cloud.

There is a distinct window of opportunity for accountants to seize the new digital possibilities presented by MTD. Those that do not could come to regret their tardiness.

- **Joel Oliver** is CEO, of MyFirmsApp. Go to [www.myfirmsapp.co.uk](http://www.myfirmsapp.co.uk)