BASDA

The Voice of UK Business Software

BASDA Journal 2019/2020

Collaboration in action

Contents

A view from
the Chair

Dear Members,

Welcome to the 2019/2020 edition of the BASDA Journal. This annual publication provides a compilation of the significant milestones that BASDA has achieved during the last 12 months as well as offering an overview of the challenges going forward that BASDA will be focused on as a collaborative group with, and on behalf of, our valued members.

It certainly has been a year of change and uncertainty, in particular around the timing and implications of Brexit. Throughout the year the impact on availability of skilled workers, uncertainty about trade and cross border issues for software businesses has been high on our agenda. A key priority has been to ensure our engagement with Government continues to deepen and there is regular dialogue in place with HMRC on behalf of our members. This enables BASDA to be at the forefront, leading and influencing legislation and new regulations. We will continue to keep members updated on these discussions and, as always, welcome your feedback or any concerns you may have so that we can raise them collectively at the appropriate forums.

In May our Annual Summit was very well attended by members and we were delighted to welcome some excellent speaker representations from Government and the accounting industry bodies. There was stimulating discussion and contribution from both speakers and members on Making Tax Digital ("MTD") and Construction Reverse Charge and we predict these topics will continue to prove challenging for our members and their customers through 2020 and beyond.

The good work undertaken by our Specialist Interest Groups (SIGs) continues and I would emphasise the importance of being engaged with relevant SIGs to further your influence and maximise your return on membership through close involvement on key issues that may affect your commercial and technical business plans. These are also a great talent development opportunity for you and your staff, as has been seen on many occasions, so please reach out if you would like to discuss further, as we are committed to best serving our members' widest needs. ▷

KEVIN HART

A view from the Chair (cont.)

During the last 12 months we have welcomed some new faces to our General Council and with them comes a wealth of experience and industry expertise which will bring added value to BASDA. I'd like to also pay particular tribute and our sincere thanks to two members of our General Council that will be leaving BASDA, Jim Etherton and Peter Robertshaw. Our most sincere thanks to Jim, who will be retiring at Easter 2020, for his invaluable contribution during his many years with BASDA. Jim has been actively involved with BASDA since 2006, is chair of the Accountants in Practice and Construction SIGs, has led the BASDA response to HMRC on VAT Prompt Payment Discounts ("PPD") and he also represents BASDA on the HMRC Construction Industry Scheme ("CIS") Operational Forum.

Peter Robertshaw, who retired in December, has been a true ambassador for BASDA for two decades and is the longest-serving member of the BASDA General Council. He has worked in the IT industry for global brands for over 30 years and has held a number of roles including, product management, consulting and marketing. His marketing expertise and contribution to BASDA has been invaluable in expanding our membership and activities.

Both Jim and Peter's wise counsel, leadership and engagement with and for BASDA will be sorely missed.

Lynne Wallis has held the role of General Manager of BASDA for over 11 years. She has been the main point of contact for members and has worked tirelessly over the years to promote BASDA and support the interests of members. Lynne left us in December to pursue her interests. We will miss her and I speak on behalf of all our members in wishing her well for the future and thank her for her support.

To summarise it has been another busy and challenging year. However, I believe that we continue to strongly influence and shape the agenda through representation and collaboration to ensure that the voice of the UK business software industry is heard. I very much look forward to working closely with our members as we continue to build for the future in the year ahead.

KEVIN HART, CHAIRMAN OF BASDA

BASDA
The Voice of UK Business Software

New member
showcase

A warm welcome to the new BASDA members in 2019.

www.123sheets.co.uk

www.jonasclub.com

www.justaccounts.com

www.keypay.co.uk

www.nomismasolution.co.uk

www.ogl.co.uk

www.scc.com

The full list of BASDA members can be found at **www.basda.org/members**
Information on how to become a member of BASDA is at **www.basda.org/why-basda/become-a-member/**

BASDA
Specialist Interest Groups

BASDA Specialist Interest Groups (SIGs) are driven by members as centres of action to address key and current issues affecting the business software industry and its customers. BASDA members collaborate within these groups to discuss areas of common interest, best practice and latest industry challenges.

The level of activity within each SIG varies and is dependent on current issues and the need to respond to upcoming legislative changes or develop standards – all with the aim of reducing the burden on software development and support and extending or improving business opportunities for members.

BASDA encourages all members to join and play an active role in a SIG or SIGs that are currently championing issues that matter to their business.

Benefits include:

- SIGs provide a channel for BASDA members to engage and communicate with government departments and other influential bodies.
- BASDA is committed to developing the association through its SIGs to bring maximum value to its existing members and further extend its reach and effectiveness, appealing to small, medium and large organisations alike.
- Influence on important issues impacting your business now and, in the future, first mover advantage, peer-to-peer networking and benchmarking.
- As a collaborative group, BASDA SIGs allow members to influence direction and benefit from the rallying power of BASDA in specific areas of business software.

The following pages highlight some of the recent activity within each SIG.

To register your interest in participating in any of

these SIGs, please email **marketing@basda.org**

Making Tax Digital
Specialist Interest Group

JOHN WHELAN, CHIEF EXECUTIVE, MY DIGITAL ACCOUNTS AND SIG CHAIR

BASDA partnered with HMRC in 2019 to ensure that the MTD for VAT initiative was implemented smoothly. We held several member meetings in the run up to its implementation and raised members concerns directly with HMRC.

The introduction of MTD for VAT in April 2019 was a daunting task. With 2.1 million VAT returns submitted every quarter, 1.1 million of these needed to be submitted via the government's new "digital gateway" (because they were submitted by VAT registered entities with turnover exceeding £85,000). Thanks to the collaborative work of HMRC, and with the input of BASDA, MTD for VAT was implemented smoothly and now 1.1 million VAT returns are submitted annually via HMRC's new digital gateway.

We anticipate that the MTD initiative will now be extended to other taxes and MTD for personal tax will be made mandatory in the next 18 months. This will mean that individuals will no longer be able to submit their personal tax returns directly using HMRC's online tools and instead taxpayers will need to use commercial software to submit their personal tax returns.

The extension of MTD to other taxes will inevitably be a difficult and ongoing project. Any software provider would therefore be well advised to join a body like BASDA so that any concerns can be either answered by BASDA or raised with HMRC. The "voice of BASDA" is one which is now listened to by HMRC and many other government bodies.

JOHN WHELAN

Payroll, Pensions and HR
Specialist Interest Group

PAULINE GREEN

PAULINE GREEN, COMPLIANCE MANAGER, INTUIT QUICKBOOKS AND SIG CHAIR

Significant changes expected

As usual, there has been lots of changes in payroll, subject to any last minute changes due to the impact of Brexit.

For the tax year 2020/2021, we know we will have the following to deal with, on top of the usual rates and threshold changes:

- Off-payroll in the private sector (IR35) starts for large and medium companies. This is going to prove challenging to payroll and users of payroll software.
- Employment Allowance changes mean that it is now considered de minimis State Aid and requires two additional reporting fields on the EPS. Initially, a Euro value for state aid claimed was to be provided which would have caused significant issues, particularly for bureaus. BASDA have been at the forefront of discussions with HMRC on this issue and, thankfully, the requirement to report the Euro value is no longer required.
- Statutory Parental Bereavement pay.
- Holiday Pay Calculation – including changing the calculation from 12 weeks to 52 weeks. Again, BASDA has been at the forefront of discussions to seek clarification and clear guidance.

There are also ongoing consultations:

- Good Work Plan
  - Addressing flexible working practices
  - Proposal to support families
  - Establishing a new single enforcement body for employment rights
- Pension Dashboard – impact on payroll as well as pension providers.

This year we have also appointed a new Vice Chair of the Payroll, Pensions and HR SIG – welcoming Matt Jennings of My Digital Accounts in this role.

We also had a SIG meeting with Jerry Catterson of HMRC, which was well attended by members and had a lot of positive feedback.

BASDA is driving greater consultation with HMRC, as we all know that if we are consulted before any implementation of legislation benefits accrue to both HMRC and software developers. We are looking forward to more meetings with Jerry and his team.

Construction
Specialist Interest Group

JIM ETHERTON, SENIOR PRODUCT MANAGER,
CONSTRUCTION INDUSTRY SOLUTIONS LTD (COINS) AND SIG CHAIR

The Construction SIG focuses on statutory compliance areas including CIS tax, CITB levy and VAT for construction businesses, liaising with HMRC and others as necessary for the benefit of members.

Since May 2008 I have represented BASDA on the CIS Operational Forum; this forum has recently been ended by HMRC as there had not been significant issues to discuss for some time.

During 2019, I took part in discussions with HMRC on behalf of BASDA regarding the proposed new rules for Off-Payroll Working in the private sector with specific reference to the construction industry. This helped to clarify that any worker caught by these rules is automatically excluded from CIS Tax rules, which will reduce the impact on the construction industry when the new rules are introduced in April 2020.

In May 2019, we published "10 things to consider when purchasing Construction Accounting Software" as the latest in the BASDA Suite of Business Software Guides. This should help prospective software purchasers ask the right questions and thus help BASDA members in their software sales process.

But the biggest item on the agenda for the past year has been the introduction of Construction Reverse Charge VAT, which was due to take effect from 1 October 2019. I have continued to represent BASDA on the HMRC stakeholder group. With most of its members having opposed the introduction of the reverse charge, the group has been trying to mitigate the impact on the industry by appropriate drafting of the legislation and guidance. BASDA, together with other group members, warned HMRC that it would be very challenging to get the construction industry to understand the new requirements sufficiently to

be ready to put them into practice. To help members prepare and stay well informed, we invited a representative from HMRC to speak on the Reverse Charge at the BASDA Summit in May 2019. In the end, HMRC announced a last-minute deferment to 1 October 2020, partly in response to concerns that the construction industry was clearly not ready and partly to avoid a date so close to the revised Brexit deadline. While this delay was almost certainly necessary, it should be noted that BASDA members had worked hard and made significant product investment to ensure that they were ready and the need for delay should have been apparent to HMRC much earlier – an earlier announcement could have avoided some wasted time and expense for both software providers and construction businesses. BASDA will continue to participate actively in the HMRC stakeholder group during the next year to help ensure a smooth implementation on 1 October 2020.

After 21 years working for COINS and 12 years chairing the BASDA Construction SIG, I will be retiring in April 2020 and handing over to my COINS colleague, Liam Tumulty. I know that in the future, BASDA will continue to actively engage with HMRC and others in all matters of common interest to members supplying software to construction businesses.

JIM ETHERTON

B2B Marketing
Specialist Interest Group

PETER ROBERTSHAW

PETER ROBERTSHAW, MARKETING EXPERT

The B2B Marketing SIG was established with the key objective of establishing a forum for marketers from our member companies to come together to share best practice and learn about new and innovative methodology enabling each member company to develop their in-house marketing skills and talent. Our focus to date has also been on those issues identified in other BASDA SIGs that have implications for Marketing.

Providing a measurable return on investment is a key challenge faced by every B2B marketer. Activity must add value and there are significant challenges facing marketers across regulatory, budgetary and competitive landscapes to achieve and deliver effective strategies.

Through the B2B Marketing SIG key achievements during the last 12 months have included:

- Engaging with relevant media and publications to help BASDA members understand the changing PR landscape.
- Continuing to add to the Selecting Business Software Guides (currently eight Guides as part of the overall suite). These Guides have provided lead generation opportunities for members with their customers. Each Guide has been branded with member logos which offers brand profile and publicity for each member. There is also the opportunity for individual customisation for each member to co-brand a particular Guide with its logo beside the BASDA logo. Guides are available at **www.basda.org/bsg** and there has been a significant volume of downloads by businesses of all sizes from large corporates to SMEs to sole traders. Professional bodies such as ICAEW and ICPA are championing the Guides and promoting them to their wider member base.
- Speaker opportunity at Accountex focused on Selecting Business Software Guides.
- Reciprocal marketing arrangement with both Accountex and Accountex North.
- Building a relationship with Accounting Web which enabled representatives from the General Council present at the Accounting Excellence Awards the 'Small Business Accounting Software of the Year Award' to one of our members.

With a keen focus on any regulatory requirements the Marketing SIG will continue to share best practice and innovative methodology enabling member companies to develop their in-house marketing skills in this competitive industry. To help us deliver this BASDA proposes to run a series of webinars in 2020 focused on the needs of sales and marketing professionals within our member organisations.
To enable us to identify the range of topics that should be focused on a members' survey was conducted.

The results indicated the following themes were of interest:

- Handling objections in the software sales process.
- Effective sales demos.
- Using LinkedIn effectively for marketing campaigns.
- Effective techniques for telesales based lead generation.
- Creating compelling software demonstration films/case studies/latest video techniques.
- Writing effective award entries to give you the best chance of success.
- The advantages of Account Based Marketing.
- Go to market globally – international business development.
- Using experiential marketing to help prospects engage with your brand.
- How engaging with analysts like Garter and Forrester can help you grow sales.

We encourage active participation and dialogue.

If there are any challenging topics that you would like the B2B Marketing SIG to address, please share your ideas by email to **marketing@basda.org**

BASDA continues to develop a suite of best practice Guides to help businesses make the right purchasing decision by providing a straightforward and structured approach to the software selection process.

The range of Guides includes:

- **Selecting Business Software Guide** (24 pages) – straightforward advice and best practices ensuring the most efficient purchasing processes and methods are used across a diverse range of systems from apps through Cloud-based and On-premise solutions. Its content is relevant for purchasers from businesses of all sizes from start-ups, through SMEs to major corporates and large public sector organisations ensuring that the investment is made on the basis that the business needs are being fully understood and the right due diligence is being carried out.

- **Selecting Business Software for Small Business Success** (4 pages) – a start-up or more established small business will have considerable demands on their scarce resources as they grow. This Guide provides independent "no jargon" guidance on how to select the business application(s) which will meet and support the growth plans and ability to meet statutory requirements of the business without draining internal resources.

- **10 things to consider when purchasing Accounting Software** (2 pages)

- **10 things to consider when purchasing Payroll Software** (2 pages)

- **10 things to consider when purchasing Construction Software** (2 pages)

- **10 things to consider when purchasing MTD Software** (2 pages)

- **10 things to consider when entering Awards** (2 pages)

- **10 things to consider to ensure GDPR compliance** (2 pages)

As a member of BASDA, your company has also the unique opportunity to co-brand any of the Guides in conjunction with BASDA and use it as part of your own sales and marketing collateral. Your bespoke copy will remove all other BASDA member logos except the BASDA logo and your logo. You will also have an introductory paragraph and your contact details providing you with a useful marketing tool for your prospects. Should you have an interest in purchasing your own individual company branded copy of the Guide, which will be delivered as a PDF (print ready) file please contact **marketing@basda.org** with any enquiries or orders for this option.

For further information or to download the BASDA Selecting Business Software Guides please visit **www.basda.org/bsg**

Meet the
General Council

Members'
best interests

![BASDA — The Voice of UK Business Software]

● KEVIN HART
**Head of Product Delivery,
B&CE (The People's Pension)**
Kevin has served on the General Council for some 12 years, and as Chair for the past nine years. With a passionate belief that BASDA has a crucial role to play in the business software industry, punching well above its weight, Kevin is committed to delivering incremental value to members.

● PETER PRATER
Business Consultant
Peter has been a General Council member for 12 years and Finance Director for the last seven years. He has spent nearly 25 years as Managing Director of a very successful software company.

● JIM ETHERTON MA, ACA
**Senior Product Manager,
Construction Industry Solutions Ltd
(COINS)**
Jim has worked for COINS for 21 years and has been actively involved in BASDA since 2006. He is Chair of the Financials and Accounting and Construction SIGs where he led the BASDA response to HMRC on VAT PPD and represents BASDA on the HMRC CIS Operational Forum.

● JOHN WHELAN
CEO, My Digital Accounts
John operated as an accountant for three decades before starting his accounting and payroll software business, My Digital Accounts. Previously, John was MD at three separate umbrella payroll businesses including Paystream for four years in the late noughties. John is Chair of the Making Tax Digital SIG and represents BASDA with HMRC on this important topic.

● PHIL SAYERS
Founder, Proten Sales Development Ltd
Phil has more than 25 years experience of working with a variety of application software vendors, with a particular focus on helping smaller vendors generate significant growth. In 2018 he founded Proten Sales Development Ltd, working with accountants to help their clients (especially those in the technology field) accelerate their sales activities. He was appointed to the BASDA General Council in 2017.

● PAULINE GREEN
Compliance Manager, Intuit QuickBooks
Pauline has been involved with BASDA for the last five years and held the position of Vice Chair of Payroll, HR and Pensions SIG until her appointment as Chair in May 2018. Through this role she was involved with the Pension BIB and helped develop the PAPDIS Standard.

● BILL PUGSLEY
**Executive Chairman,
Lakeshore Data Management**
Bill has been working in the IT sector since mid-1970, of which the last 45 years have been spent in the software and services sector – to include over 25 years of working with EDI and latterly e.commerce.
A former council member of BASDA and a former non-executive director of GS1 UK for eight years, Bill has run businesses in several countries. Bill rejoined BASDA in 2018 and was appointed to the General Council in the same year.

● SIMON GUEST
**Chief Operating Officer,
Acorah Software Products Ltd**
Simon is a 25 year veteran of the business software industry, having held various senior roles across sales, customer support and product management in a number of prominent suppliers. For the last six years, he has been Chief Operating Officer at Acorah Software Products, who supply the TaxCalc suite of software to individuals, SMEs and accountancy practices. He was appointed to the BASDA General Council in August 2018.

● NICK DAVIES
**Head of Software Development,
OGL Computer Services Group**
Nick started his career as a developer and has progressed into product management over the past 20 years, chiefly at OGL Software, who are one of the UK's leading providers of business solutions to SMEs. His experience spans both legacy and next generation software projects, getting involved in all aspects of delivery. He was appointed to the BASDA General Council in May 2019.

● MATT CROOK
**Managing Director,
Wolters Kluwer Tax and Accounting UK**
Having started his career in commercial roles, Matt quickly progressed to hold a number of leadership positions. Currently Managing Director for the Tax and Accounting business in the UK, Matt has been with Wolters Kluwer for three years but has a pedigree of over 15 years' in the tax and accounting industry. Responsible for the strategic direction and operational excellence of the UK business, Matt is dedicated to ensuring that customers are top priority and that Wolters Kluwer TAA UK delivers excellence through software and services at every touchpoint. He was appointed to the BASDA General Council in October 2019.

● LIAM TUMULTY FCCA
**Application Consultant,
Construction Industry Solutions Ltd
(COINS)**
Liam has worked in finance for over 20 years and has been with COINS since 2017. He has extensive experience in many aspects of finance including VAT, Payroll, Reporting, Shared Services and Software implementations. Liam was appointed to the BASDA General Council in October 2019 and is looking forward to working across new projects in this role.

BASDA Annual
Summit Report 2019

The Annual Summit was held on 14th May at the Wellcome Collection in London.

Members and guests participated in a day packed with insightful sessions and interesting speakers, with topics covering the current issues affecting the software industry and its customers.

The day commenced with the AGM, where the 2018 annual accounts were approved. This was followed by the nominations for General Council and the appointment of two new faces Simon Guest, Chief Operating Officer, Acorah (Tax Calc) and Nick Davies, Head of Software Development, OGL Computer Services Group.

Sessions included Making Tax Digital with a panel of speakers from AAT, ICPA and ICAEW along with a presentation from our sponsor, The People's Pension on Direct Integration via the new Pension API service and Developer Hub. In the afternoon HMRC joined us for two important presentations on Making Tax Digital and Reverse Charge for VAT.

The Summit also showcased each of the SIGs and their achievements over the last 12 months, as well as future topics that are being championed by each SIG on your behalf.

Guest articles

STEVE BAKER

- **Steve Baker, MP and former Chief Technology Officer at BASDA – Keynote Speaker**

Former Brexit minister Steve Baker, MP attended the 2019 Summit as the keynote speaker and shared his insights, views and commentary regarding implications to the UK (as at May 2019) on the potential Brexit outcomes and corresponding impacts upon the business software community, allied with changes arising from the new customs systems.

Steve has an extensive career which began in the Royal Air Force as an engineer officer working with Tornado, Jaguar and the Adour aero engine. He became a Chartered Engineer through the Royal Aeronautical Society and held a military airworthiness licence. After his time with the RAF, he read for an MSc in Computer Science at Oxford University (St Cross College) and joined a specialist, entrepreneurial software firm as Head of Consulting and Product Manager serving software developers, corporations, regulators and government, specialising in technologies for interoperable data before taking on various senior roles in business software.

He was appointed as Chief Technical Officer at BASDA Ltd in 2002, a position he held until 2007 and had responsibility for the maintenance, development and promotion of the eBIS-XML standard for e-business, implementing new infrastructure and procedures to support community development. In addition to software development and project management, he represented members' interests to Government and other bodies and delivered a series of successful XML training courses.

Steve was elected to Parliament representing Wycombe in 2010 and has served on the Treasury Select Committee since then. He was Parliamentary Under Secretary of State for Exiting the European Union and served on the Executive of the Conservative 1922 Committee.

Throughout his career, Steve has always appreciated the importance of business software to the economy and continues to engage regularly with BASDA – particularly mindful of Brexit, cross-border flows and the potential impacts to the industry and so the overall UK supply chain.

At the Summit in May, Steve spoke about both business and regime uncertainty as the country faced political crisis. Will Brexit offer a Free Trade Agreement? Will tariffs be an issue? Will a deal be agreed? The view taken at that time was trade will continue and offered an opportunity to develop comparative advantage with the rest of the world.

Through a facilitated Q&A, the BASDA chair, Kevin Hart, asked whether MPs across the house understood the role that IT had in powering businesses of all sizes, Steve responded that many did not fully understand what algorithms are, the fundamentals of computer science or what change management in software development is. There is a need to help understand why this is important and then help bridge the knowledge gap accordingly.

Steve's view on how BASDA could help increase the understanding of IT issues and opportunities within Parliament was clear. In general, the Public Sector isn't recognised for successful major projects – including IT projects. However, agile methods are becoming more prevalent and things are improving. There should be much more scope for smaller companies to develop in an agile way. It would be advantageous to see a test case working to support and enable decisions to be taken on future funding required.

When asked what he would recommend the UK IT sector focuses on in the future, the view was on loss of skilled workers due to political uncertainty. Focus must be on what can be achieved to prevent that happening and can help with that. He encouraged BASDA members to champion access to skilled workers.

To end in Steve's words *"If private enterprise is the engineer of our society then the software that you produce is the oil that keeps it going."*

- **Accounting Industry Associations and MTD**

  BASDA was delighted to welcome to the Summit representatives from the leading accounting associations to participate in a thought provoking and expert panel discussion on MTD.

  We were joined by Brian Palmer, Tax Policy Adviser, Association of Accounting Technicians, Tony Margaritelli, Chairman, ICPA and Anita Monteith, Technical Lead and Senior Policy Adviser, Tax Faculty, ICAEW. Each speaker provided an overview on their reflections on MTD and associated challenges for members of their own industry bodies, followed by an interactive Q&A including questions covering:

  • Concerns relating to their members and related customers regarding compliance with VAT MTD, in particular digital record keeping where some clients have complex businesses.
  • Concerns to the availability and provision of quality software from both an accounting and bridging software perspective.
  • Guidance they are giving to their members on bridging software.
  • How well did they consider that HMRC is joined up with the agent reps and the software industry and what BASDA, with its members, could do to support?
  • What can BASDA do better to support their members? ▷

BASDA Annual Summit Report 2019 (cont.)

ANITA MONTEITH

- **Our digital journey: reflections on MTD**
  Anita Monteith FCA CTA, Technical Lead and Senior Policy Adviser, Tax Faculty, ICAEW

The UK's digital journey has taken a few years to really gain momentum. We have spoken frequently about needing roadmaps, and certainly government departments have tried to give us these, but perhaps we didn't really understand where we were going. Never the best way to start a difficult journey.

Online filing for other taxes has been happening for 20 years, but the cost of Making Tax Digital (MTD) and who would bear it was never really agreed.

When it was announced that MTD for VAT (MTDV) would lead the way with the other taxes to follow in a couple of years, there was huge relief. The original timetable had been too ambitious and had lacked a real understanding of how businesses were run. Income tax is a much more complicated tax and it was clear from the many ICAEW members who got in touch with me that the journey was going to take much longer. Those who had already transitioned to software were less worried, although they were concerned that their costs would rise.

One of the biggest challenges for agents was the design and implementation of the agent services account (ASA). There were already known issues with the ASA following trouble with the new Trust Registration Service and alarm bells should have been loud enough to slow things down further. If we can learn something from this, it must be that a full pilot is essential before any new system is mandated.

As I write this, we are approaching the first filing by the last stagger group to join MTDV. So far, around 75% of the first groups mandated to MTDV have made their first filing, in the right way, by the deadline. The light touch by HMRC protects most of the rest from penalties but would not have been necessary if MTDV had offered a clear win for business. Instead, many members are asking now how mandation has improved things. The same nine boxes of information is reaching HMRC, there is less to see having filed a return for a business and truth be told, many will have just chosen the cheapest software they could find to meet the minimum requirements. I expect to see rapid consolidation amongst the long list of products available on HMRC's website.

The UK could have done better. If the goal is that every transaction is to be visible digitally in, say 10 years' time, then let's say so and work to that collectively. Make it voluntary so the business case leads to digitalisation. In designing new tax policy, let's think digital from the start.

Ours is a complex and mature economy, but we embrace change. Let us now allow time for better groundwork to be prepared before rolling MTD out further. Simplification of tax anyone?

- **Making Tax Digital...off to a flying start**
  Brian Palmer, Tax Policy Adviser, Association of Accounting Technicians

Early this September, the all-important milestones of one million MTD-compliant VAT return submission and a similar number of businesses registrations was passed. All of which makes it hard to deny that HMRC's flagship Making Tax Digital for VAT (MTDfV) has got off to a flying start.

A quick reminder
Just in case you've been living in a hermetically sealed bubble...

MTDfV is a major change to the way that VAT-registered businesses with VAT-taxable turnover above the £85,000 VAT compulsory registration threshold are legally required (mandated) to account to HMRC for VAT purposes.

For return periods starting after the 31 March 2019 all but around 40,000 of the 1.2 million mandated population of VAT registered businesses must record their VAT transactions digitally and submit all future VAT returns to HMRC using MTD-compatible software.

Proactive approach
To date (early September), over 75% of those mandated have already complied and HMRC's promised 'light touch' approach means that those who have will not be penalised, provided they both submit an old style return, and pay any associated liability on time.

HMRC's CEO Jim Harra recently said:

"Our ambition is to help businesses moving to MTD to get it right, not to penalise them. HMRC's decision not to enforce penalties will help businesses transition to MTD without fear of getting it wrong."

The very next step is nearly upon us…
With the exception of GIANT (Government Information and National Health Trusts) filers the remaining 40,000 businesses who had their start date deferred because of the complexity of their VAT affairs will need to sign up for MTDfV, comply with the digital record keeping requirements and file MTD-compatible VAT returns for all future return periods starting after 30 September.

Where do we go from here?
With MTDfV almost done, HMRC is left facing the 64,000 dollar question…….'where do we go from here?'.

Whatever the answer, one thing we do know courtesy of a March 2019 written ministerial statement, there will not be any further mandation until 2021 at the earliest. We can also be certain that it won't be corporation tax that is next. Why? That's simple; because HMRC have not consulted on it as it promised that it would. ▷

BRIAN PALMER

BASDA Annual Summit Report 2019 (cont.)

The conundrum HMRC is facing is:

- 'Do we expand MTD by mandating the sub-£85,000 VAT registered (the voluntarily registered) to join MTDfV', or;
- 'Should we revert to our original plans and start mandating the self-employed to onboard for income tax purposes by requiring them to keep a digital record of the business transactions and to file quarterly returns of their income and expenditure?'

Easier sell
Relatively speaking, mandating the voluntarily VAT registered into MTDfV should be the easier of the two options, here's why:
- There are only in the region of 1.2 million voluntarily VAT registered businesses, as opposed to a pool of over 3.5 million self-employed income tax filers.
- The required software is already in place and it has been tried and tested.

While easier, it would not be without its challenges, for example:
- The sub £85,000 VAT registered are less likely to use MTDfV-compliant software.
- Therefore, their cost of achieving compliance will be greater.
- Membership organisations and industry support groups might object, strongly, on the grounds that the smallest of businesses could be left carrying a disproportionately high administration cost to achieve compliance.

HMRC's preference
From an HMRC perspective, the way to go is to return to mandating the self-employed for income tax purposes. After all, it is where the department has identified that the greatest benefits accrue in terms of the reduction of the UK tax gap.

As with the MTDfV option, the income tax route would not be free of problems or controversy and HMRC will need to decide if it should return to its earlier proposal of mandating those with turnover above £85K first – this might be easiest as many in this cohort are already filing MTD-compliant VAT returns.

Press reset
In my view, HMRC should press the MTD-reset button and, after a period of soft-consultation during which HMRC seeks the views of interested parties (software developers, agent bodies and membership organisations etc), a revised timebound MTD-road map is published, to give a clear statement of how and when the rest of MTD will be rolled out.

MTD: Tech issues, HMRC issues and a constantly changing landscape
Tony Margaritelli, Chair, ICPA

TONY MARGARITELLI

When I presented at the BASDA AGM on the effects of MTD on small practice accountants and their clients, I focused on the fact that the overriding impression was of a HMRC and a software industry that were not getting the message out.

ICPA Members were waiting and waiting for the moment when they had to do something, simply because experience had shown them that the goal posts kept changing, the methodology was changing and to basically jump in feet first would be dangerous. We had already seen HMRC change the timetable that was apparently set in stone and Corporation Tax and Income Tax was basically pushed back unceremoniously and suddenly, as if from nowhere, up popped VAT as the digital nirvana for HMRC, the tax gap and of course the Software Industry.

As I write this (July 2019), the first MTD returns have gone in. So, how was it for us? Well, simply registering for an Agent Services Account was most definitely not as intuitive as we should have expected. Rumours abounded, and still are, that the bridging software would not work. After a year or so, endless calls were being made to software providers as to how to authorise the software, but, you know what? We did it, despite this.

As with RTI and Self-Assessment, when we encountered a problem, we were often told by HMRC it's the software, whilst the software was saying it's HMRC. Who was right? Frankly we didn't care, we just wanted to file a VAT Return and that's what we did, file the VAT Returns.

Was it easy? Was it intuitive? Was HMRC helpful?
Were the software providers helpful? Easy? Intuitive? Helpful?
Some were but not all and many staff from HMRC and software tried very hard. That's the view from the trenches, as it were. Overall a most definite score of 6/10 and comment of 'Could and expected better'. As for accountants, well we get 8/10 and a 'Well done in difficult circumstances'. ▷
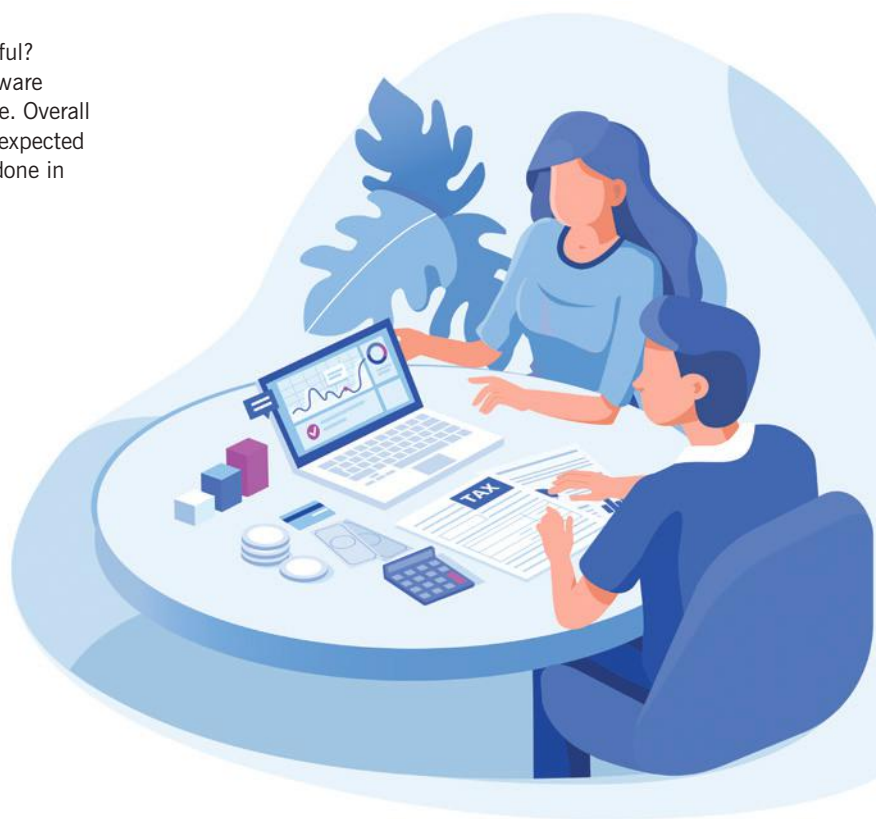
BASDA Annual Summit Report 2019 (cont.)

LOUISE TARPY

- **Reflections over the last 12 months and focus on the future**

Louise Tarpy opened the session by introducing herself as HMRC's new Head of Software Developer Collaboration (SDC). She outlined her commitment to building on the strong legacy of her predecessor, Lee Hawksworth, in continuing to grow long-term collaborative relationships with the software industry, as a key HMRC strategic delivery partner.

Louise provided a brief overview of Chief Digital and Information Office's (CDIO) newly launched operating model, which has been specifically designed to enable digital transformation through focusing on outcomes for citizens, businesses and their agents, rather than IT project deliveries. This new structure will not have an effect on the software community's key contacts and routes into HMRC, but it should provide developers with a better overall quality of service and a more co-ordinated approach to digital transformation solutions.

Since BASDA Summit 2018, SDC has also introduced a new customer relationship management (CRM) tool, designed to work alongside and complement services provided by the API Developer Hub. The new infrastructure will underpin all current and future engagement with the software industry. It will also enable SDC to scale support for growing numbers of API consumers, while continuing to provide a quality service to existing XML services.

Nowhere has the growth in API consumption been more evident than in Making Tax Digital for VAT (MTD VAT). While in the existing XML service, there were approximately 100 commercially available VAT products, there are now over 450 products listed on HMRC's Software Choices Viewer for MTD VAT.

This unprecedented growth is a demonstration of the commercial appetite that emerges when HMRC removes itself from the market and is precisely what we were aiming to achieve through HMRC's API Strategy. However, HMRC also acknowledges that such a rapid level of growth brings with it new challenges in establishing and verifying the identity, interest and intent of organisations seeking to integrate with HMRC's systems. SDC continuously reviews governance procedures ensuring they are fit for the changing needs of this fast-paced and dynamic environment.

MTD VAT is also the first major transformational change to introduce transaction monitoring headers (TxM). TxM is a key security measure adopted in the UK and globally. HMRC's approach to TxM is in line with National Cyber Security Centre (NCSC) / Cabinet Office recommended guidance and industry good practice.

In order to provide developers with a secure lawful basis on which to provide TxM data (under Article 6(1) (c) GDPR), a new Statutory Instrument was laid in April 2019. This introduced a new £3,000 penalty for non-compliant developers. Louise was keen to highlight that, while the penalty is a requirement for laying this type of legislation, HMRC's focus is on enabling developers to comply. Both the charging of a penalty and/or removing access to APIs are last resorts. The aim will always be to resolve any issues through collaboration and partnership working.

Louise completed her session with an overview of HMRC's ambition to see a higher number of accessible products in the marketplace. The aim is to be digital by default, but also digitally inclusive: this means not leaving anyone behind on the digital journey. Up to 20% of individuals have an accessible need at any point in time, and, with the average age of the population increasing, this figure is only likely to grow HMRC appreciates that not all software products can be made accessible, however in MTD VAT less than 5% are currently accessible. This severely reduces customer choice for this user group. For this reason, new processes are being introduced that require developers to declare the accessibility status of their products. This is briefly outlined in the diagram on the next page.

ACCESSIBILITY
Our approach

01

Software developer approaches HMRC

We determine if product is online/offline

Online products sent WCAG 2.1 Checklist

Offline products sent EN 301 549 Checklist (Pending)

02

03

Developer self declares compliance to standard in 4 areas of need: Visual, Hearing, Cognitive and Motor

If the online product is fully compliant with WCAG 2.1 AA for any area of need, it is added to the software choices page.

HMRC wants to work in partnership with BASDA and other key stakeholders, to bring accessibility to the forefront of the industry's agenda. We are looking to break down barriers and lay the foundations of a cultural shift, which will establish digital inclusivity as standard.

If you want to talk to HMRC about making your product accessible, please contact **sdsteam@hmrc.gov.uk**

■ **Construction Reverse Charge for VAT**
Nick Chambers works in the VAT Serious Non Compliance and Fraud team and is the HMRC lead on the consultation and legislation for the Construction Reverse Charge.

Back in 2017, the government announced the decision to introduce a VAT reverse charge for construction services to combat persistent high levels of organised "missing trader" VAT fraud in the construction sector.

Hopefully, readers are aware that implementation is now being delayed for a further year to 1 October 2020. In light of the risk of the disruption that may have ensued if large numbers of businesses were not prepared for the original 1 October 2019 start, together with the reported recent downturn in the sector, the government decided a longer delay was the best option. ▷

NICK CHAMBERS

BASDA Annual Summit Report 2019 (cont.)

Although a domestic VAT reverse charge is not new to the UK, very few construction businesses will have engaged with one before. Therefore, specialist construction software providers may have found themselves starting from scratch. The extra time will now enable them to make sure their clients are up and running in good time for October next year, particularly as it now follows the implementation of Making Tax Digital. For those with experience of other domestic reverse charge measures, the accounting basics are very similar to the mobile phone, computer chip, energy and electronic communication measures referred to in Public Notice 735.

The main challenge with developing the legislation for this reverse charge has been addressing the impact on the wide range of businesses who provide and purchase construction services of one form or another. Using the Construction Industry Scheme (CIS) as a basis for the reverse charge makes familiarisation with the change easier, however, using CIS doesn't remove every question about what is covered by the reverse charge and what is not. The introduction of the reverse charge has made many of these businesses review their existing CIS treatment and so time may need to be allowed for this.

In addition, in order to reduce the impact of the reverse charge on businesses that do not themselves supply construction services, the reverse charge doesn't apply to supplies of temporary workers or supplies to "end users". The latter will mostly be deemed contractors under CIS, for example property investors, public bodies and house builders.

The key features to be aware of are:

- The reverse charge does not make any changes to the way CIS is operated or reported.
- The reverse charge applies irrespective of whether the sub-contractor holds gross payment status for CIS purposes.
- The reverse charge will apply to both the labour and material elements of a supply so there is no need to apportion for reverse charge purposes.
- There is no change to the tax point rules: the tax point is the date of invoice or date of payment, whichever is first.
- Unlike the cross border reverse charge, the recipient of domestic reverse charge services does not add the value of those services to its net sales figure in box 6 of the VAT return. But the VAT due must of course be added to the VAT due on sales figure (box 1 of the VAT return). This differs from the normal accounting treatment for purchases.

HMRC will continue working with key intermediaries within the sector, including BASDA, to enhance our communications and improve targeting of messages on the reverse charge. We also intend to communicate directly with all businesses that we think are likely to be affected, through using the CIS registry, and we will continue to deliver our very popular webinars to both business and agents.
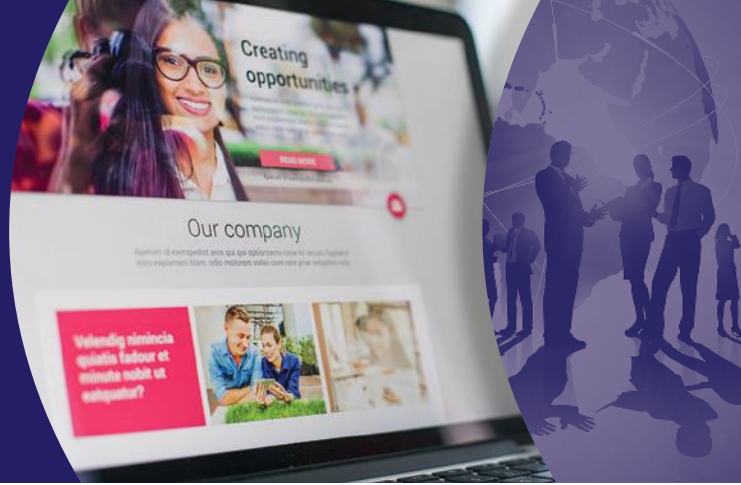
Thank you to our sponsors:

BASDA's next Annual Summit will be held on 20 May 2020. Pencil into your diary.

Lead generation:
Don't forget the basics
in 2020

When it comes to measuring your digital marketing results, traffic, impressions and click through rates are only half the battle.

If you're seeing traffic to your website but not much in the way of leads, then it might be time to revisit some of the basics to ensure you have everything in place to maximise leads from your website during 2020.

Review Call to Actions (CTAs)

"Click Here" is no longer good enough. In order to stand out in a competitive web-space, your CTAs need to be refined to the point that users can't help but be attracted to them. When reviewing CTAs on your website, think:

- Is it clear what you want from the user?
- Is it clear what you are offering them in return?
- Are they visible throughout the page and not just stuck at the bottom of the page?
- Do they feature on all key service pages?
- Do they get lost on the page?
- Is the language used clear and compelling?
- Are the CTAs you are using relevant to the rest of the page content?
- Are you offering the user a choice of action? Not everyone will be ready to buy immediately.

Review and improve your landing pages

Your landing pages are often the first thing potential customers see of your business, so they need to be as effective as possible. Here are a few ways you can get more from your landing pages:

- Review the customer journey for yourself.
- Offer a free trial or limited time deal.
- Keep the text concise and easy to read.
- Review competitor landing pages.
- Use imagery to make the page more interesting.
- Consider a pop up – disruptive but very effective.
- Make forms clear and short – don't ask for more detail than necessary.
- Ensure your contact details are clear and easy to locate.
- Add testimonials and case studies.
- Incorporate a strong CTA to all landing pages.
- Ensure your landing pages are correctly tracked and measured within analytics.
- Don't be afraid to test and fine tune both design and content depending on the results you get. ▷

Lead generation: Don't forget the basics in 2020 (cont.)

Establish trust through reviews and case studies

Whilst it is easy to tell potential prospects how great your product or service is, it will have much greater impact if they have it validated by a third party. Here are some tips for acquiring reviews and testimonials:

- Consider your timing – make sure the product / service has been delivered and the customer is happy before asking for a review.
- Make it as easy as possible to leave a review.
- Remember that you can also ask suppliers and other businesses you've worked with for reviews.
- Send out a feedback survey to previous customers, follow up with those that were very pleased with your service – you may also learn something from those who weren't.
- Written reviews are not always verifiable, consider a third party platform also such as Google, Facebook, Trustpilot, reviews.co.uk or similar.
- Keep in contact with your customers throughout the sales and delivery process to ensure they are happy.

Once you've spent the time collecting testimonials and case studies, be sure to share them on social media and incorporate across your website and marketing material.

Demonstrate your expertise through blogging

Whilst demanding a time commitment, blogging can be an excellent medium for showing off your expertise, addressing industry challenges your customers face and showcasing your business offering. Pursuing guest posting opportunities can be an effective method of increasing exposure to a relevant audience.

Don't neglect your existing customer base

In the pursuit of new leads, it's easy to overlook the pool of current and potential customers that are sitting on a CRM or email list. If you have a database of old customers, consider contacting them with an upsell or offer if you have permission to do so.

They can also be a great source of advocates for your business and if nurtured properly, a much more cost-effective way of generating leads. A referral or recommendation from a happy customer costs very little to achieve and will generally be significantly easier to convert.

Have any questions?

We are always happy to talk to businesses about improving their online performance, visit our website **www.allthingsweb.co.uk** or call **01793 766 040** for more information.

Accounting
Excellence Awards

BASDA was delighted to once again be associated with the Accounting Excellence Awards presented by Accounting WEB which was held in London on 12 September 2019 at The Brewery London.

These awards, now in their 9th year, showcase the best technology and the innovative software developments within the accounting sector.

This year BASDA presented the Small Business Accounting Software of the Year Award to our member Capium.

Congratulations to our member Go Simple Tax (Pennine Ventures) who won Professional Tax Software of the Year award and to our members Intuit (Quick Books), Sage, Pegasus, Moneysoft, Acorah (Tax Calc) and Taxfiler who were all nominated on the night.

It was again a superb event which celebrated the accounting profession. As the only UK industry association focused specifically on supporting the issues of business software development organisations BASDA recognised many of our members' customers nominated for various awards.

We were particularly proud to be in a room full of innovative and successful businesses, and indeed individuals, that are equally relentless in their fields of specialism and focus on becoming more efficient and effective in today's highly competitive marketplace.

A fantastic event celebrating the very best in industry.

If you are entering a submission for an award why not download our latest guide, 10 things to consider when entering Awards. This guide focuses on 10 things a business needs to consider including which categories to enter and how to prepare for vote-winning submissions that follow the rules, while standing out to the judges.

Reflections across a career
in the construction
software industry

JIM ETHERTON

I have been involved in the Construction Industry since 1987, when I first joined a national home builder as an area accountant. Within a year, I had been asked to specify a bespoke software solution to replace part of the manual work being done by a member of staff who was about to retire. So began my involvement in software. Soon, I was to be seconded onto an IT project, and after that transferred full time to the IT department.

One of the things that I worked on in those early days was the old "714" subcontractor tax scheme. So, when I joined COINS in 1999, it was natural that I was asked to help COINS clients with the transition to the replacement of this with the "CIS" Construction Industry Scheme. Although COINS was already a member of BASDA at the time, I don't remember getting actively involved with BASDA at that stage.

In the 2003 budget, significant changes to CIS were announced and in due course, I was invited to attend various meetings with HMRC together with other industry representatives. The changes were originally planned for April 2006, but by October 2005 BASDA, together with others, had managed to persuade HMRC that neither the industry nor HMRC would be ready for a successful go-live that soon. In May 2006, Dennis Keeling (chairman of BASDA at the time) invited me to join a working party to write a BASDA CIS White Paper. This working party grew into the BASDA Construction Interest Group. The CIS changes were successfully implemented in April 2007 and marked a huge success for close co-operation between BASDA and HMRC. On Dennis' retirement in 2008, I was invited to take over the chair of the Construction Interest Group and to represent BASDA on HMRC's CIS Operational Forum.

Since then, I have been continuously actively involved in BASDA and was elected to the General Council in 2015. This involvement has been very positive in every respect. It has helped increase my knowledge of the various statutory compliance issues with which I have been involved. It has widened my awareness of other issues within the software industry and of the operation of government. The benefits for COINS as a company have included not only the access to information and influence, but also the ability to demonstrate to clients thought leadership in statutory compliance among construction software providers.

Over the years, as well as CIS tax, I have been involved in changes to VAT on Prompt Payment Discounts, CITB Levy changes, Off Payroll Working in the private sector, Making Tax Digital for VAT and Construction Reverse Charge VAT – as well as other issues. I've been involved in drafting various documents on behalf of BASDA, helped draft legislation, presented at the BASDA Summit and represented BASDA at countless meetings with HMRC and others. Although there have been frustrations, it has been good to know that my voice has been heard and I have felt more at the centre of these issues than would have been possible without BASDA.

On a more personal level, I have found General Council meetings interesting and enjoyable – working with a great bunch of people. The contacts that I have made there have resulted in my son finding his first software job after leaving university and in my daughter finding a photographer for her wedding!

As I retire from BASDA, I would encourage others to get involved – you never know what you might get out of putting something in to the wider industry beyond your current employer.

BASDA
The Voice of UK Business Software

www.basda.org

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www.twitter.com/BASDAUK

...and don't forget, you can always talk to our friendly team at **marketing@basda.org**

BASDA will be supporting the following events:
Accountex – 13-14 May 2020
Accountex Summit North – 22 September 2020

ACCOUNTEX
13-14 MAY 2020 ExCeL | LONDON

ACCOUNTEX
SUMMIT NORTH 20
MANCHESTER CENTRAL | 22 SEPTEMBER 2020

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