Winter Bulletin 2022/23

Update from Specialist Interest Groups (SIGs) & Working Parties

Ability SIG

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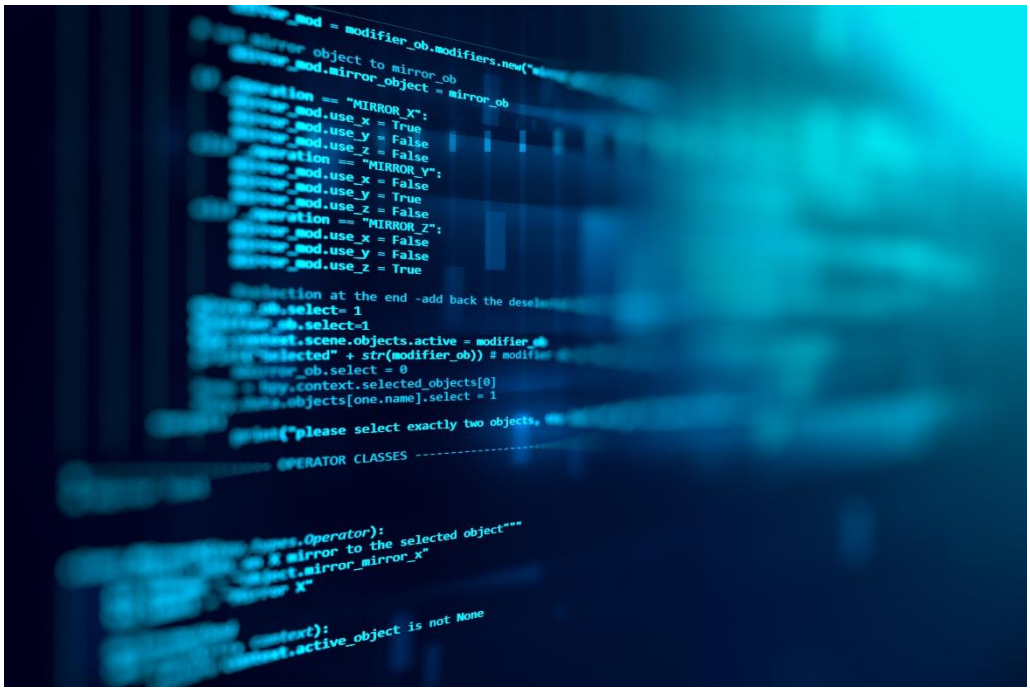
2022 Annual Summit

Overview and Guest Speaker Presentations



Message from the CEO

- **Kevin Hart, CEO and Executive Chairperson, BASDA**

Welcome to the BASDA Winter 2022/23 Bulletin.

It has been a busy period since our last bulletin involving lots of activity and engagement with both HMRC and across our membership culminating in a very successful Annual Summit.

A key priority has been to further broaden and deepen our engagement with Government. Regular, senior dialogue is in place with HMRC and DWP enabling BASDA to be at the forefront in leading and influencing policy and resultant implementation.

The BASDA General Council and Specialist Interest Group (SIG) Chairs have been working closely with HMRC on Making Tax Digital (MTD) ranging from policy, feedback and support. This has also included members feedback on a recent Corporation Tax consultation. BASDA have also engaged strongly on PAYE, VAT, and ITSA through our SIG chairs and I am now pleased to be representing BASDA on HMRC's executive sponsored Representative Bodies Steering Group.

In order to maximise members interests, I would encourage you to engage with your relevant BASDA SIGs and Working Parties, who champion the key issues that are impacting our collective businesses.

All SIG Chairpersons have contributed to this Bulletin and provided an update allowing you to see first-hand the scope of activities they are covering. If you haven't yet signed up to be part of a SIG and would like to participate, just drop an email to marketing@basda.org.

Our Senior Leadership Development Forum continues to go from strength to strength with not only the support of our external professional consultancy colleagues but also engagement across key initiatives with additional senior leaders joining us for discussions ranging from a Trusted Partner Status to Free MTD ITSA software. Additional Cohorts for leadership support session along with broader strategic topics will be launched through 2023.

Help to Grow Scheme

Despite having engaged many BASDA members over many months and having lobbied and fought hard with the Department of BEIS to get this scheme fit-for-purpose, regrettably BEIS have announced that the Scheme is now cancelled.

The overall failure by BEIS to engage with us fully and early enough along with their refusal to join forces with HMRC for MTD (as we recommended) to help drive digital record keeping adoption, alongside other business application areas, we believe, led o this regrettable outcome. BASDA also pushed very hard for BEIS to embrace accountants and bookkeepers as key partners in achieving their vision but, again, their pre-determined perspective on what the market needs and how it should be delivered excluded such key parties that, we believe, were pivotal to the micro and small business communities.

I have been invited to the programme debrief and will do my utmost to ensure that they understand what good has to look like for any future such 'initiatives'.

Thank you to those of you who have supported our endeavours to date.

MTD for Income Tax & Self-Assessment (ITSA)

Whilst very aware of the recently announced delay in emendation plus phasing, allow me to share insights on our engagements over this last 1-2 years.

Having engaged with The Financial Secretary to the Treasury (FST), HMRC Execs and the MTD Programme Director throughout 2022 on how matters should be improved, by early Autumn, we were so concerned, I wrote to HMRC Executive. This letter was supported by a 5-page schedule of all the key areas, priorities, and relative impacts to BASDA members.

These centred around key problems (i.e. where matters are not fit-for-purpose from our members' perspective) regarding the:

- Pilot,
- Functionality,
- Legislation v Specifications,
- Communications,
- Systems, and
- Engagement model

BASDA then took the initiative to pursue 3 principal areas that were causing our members angst and set about workshopping them – inc. HMRC participation (re. root cause analysis).

We delivered those – including 'tactical/interim solutions' for the key issues of multi-agent, landlord partnership plus Digital Records clarification via key use cases and recommendations.

Mindful of the ever-shortening window for BASDA members to deliver solutions for the full pilot in April 2023, the outstanding issues, and the failure to get resolution to matters earlier in the year, we issued HMRC a deadline of 16th December 2022. The aim of such was to confirm, or otherwise, these solutions (or else), thus enabling ITSA to move forward.

For the avoidance of doubt, BASDA have continually pushed for practical resolutions in order that the Apr 2024 date can be met and have stated the accompanying risks for our members – from development and particularly commercial implications point.

Allied to the above, BASDA made it very clear that any failure to meet such a deadline could have serious impacts on member businesses and their willingness to engage with HMRC going forward.

BASDA are truly disappointed in not only the 2-year delay of mandation, but also the additional phasing and subsequent further impacts upon the return-on - investment for our members. Feedback has been voiced at the highest levels in HMRC prior and post announcement.

Nevertheless, we are pleased to have the opportunity to get this fit-for-purpose for ALL stakeholders and you may have noted HMRC's directorate have committed to working extremely closely with BASDA and our members. They have seen what can be achieved in a truly collaborative manner – understanding what good really looks like and pushing the boundaries to explore solutions.

Our commitment hasn't waned – in fact, it has grown even greater. We also expect that some members will need to focus on other revenue-earning opportunities over the next 1-2 years and so we will do our utmost to streamline any HMRC-related overheads and get ITSA in good shape.

Do ensure that you and your respective teams are engaged in our 'Accountants in Practice' SIG to take full advantage of this. Feel free to reach out to our SIG Chair, Vice Chair or myself if we can help in any way.

Annual Summit

Some 60 members joined us for a day filled with insightful presentations, highly interactive Q&As including networking with speakers and industry peers. This was our first 'face-to-face' Annual Summit since 2019 and it was great to see so many members join us for the event.

The overall theme '**Building the Software Developer Business of the Future**' recognising the competitive, challenging and changing environment and markets we currently operate in.

We have had some fantastic feedback from attendees at the event which will help us in planning for next year but also, most importantly, endorses the benefits of membership and attendance.

Here are a few of the comments we have received from this event:

"For those, not previously party to similar sessions, or large enough organisations to justify direct contact, the exposure to HMRC is usually enlightening. Plus, the networking chat at the end (and during breaks) is a great opportunity to make connections and compare notes."

"This event illustrated how closely BASDA was working with Government agencies, notably HMRC, in ensuring our mutual customers (taxpayers) would receive superior services."

"A very useful event for getting an insight to HMRC planning and thinking - plus can always learn and meet new people."

"I came away from the summit with lots of ideas/thoughts of how we can improve our product. The variety of presenters was good, and the day seemed to fly by."

"The summit educated me and demonstrated that by attending I would be better placed to service my clients in the future."

"A great event for learning & networking."

"Great day to meet like-minded people to discuss topics that were relevant in today's environment."

Do save the date for our 2023 Annual Summit – 19th October.

As your CEO and Chairperson, I look forward to collaborating with you and your representatives on BASDA's General Council and relevant SIGs to ensure that we continue to represent you on the right priorities and maximise our collective insights, priorities and outcomes.

Thank you for your ongoing interest, engagement, and support – we are stronger together and through such, we will succeed.

Specialist Interest Group (SIG) – Updates

SIGs are key to our value proposition and so selecting which one/s are best for you and your colleagues to actively engage in will significantly help ensure that you and your business derive optimum value from BASDA.

We are committed to talent development. Membership of our groups directly support person and professional development. Whether you are interested in taking a more active leadership role on any of the SIGs listed or wish to join and participate in a SIG, please email marketing@basda.org for more information.

Ability SIG

Pauline Green, Chairperson

'To demonstrate commitment to a broader inclusivity agenda across the wider software industry.'

Further to our on-going work with AbilityNet I am delighted to share that Adi Latif has agreed to join me as Vice Chairperson of our Ability SIG. In the upcoming months I am sure you will all have the opportunity to virtually meet Adi on our "lunch and learn" series of webinars.

In June we held our first "lunch and learn" which was focused on the subject of inclusivity relating to "Cognitive" and neurodivergence. I was joined by Rina Wharton and Adam Tweet from AbilityNet.

Rina shared the challenges she has faced as a neurodivergent individual. These included times she had been interviewed by companies who did not provide an inclusive interview process to other more positive experiences she has had. If you have not yet had the opportunity to view this session I'd encourage you to do so – available. Watch the webinar here.

The greater the awareness we can create with of own organisation then the easier it will be for our organisation not only to be able to expand their talent pool but also their potential customer base.

There are some "quick wins" which include:

- Using assistive technologies
- Text-to-speech
- Speech-to-text
- Mind Mapping
- Reminders/To-do's
- Alarms

Barriers to consider when designing online content can include:

- Busy websites
- Bright colours
- Moving content
- Unclear instructions
- Time limits
- Text over images

What I found particularly interesting from the session was that these quick wins can help across a wide range of neurodivergent challenges as well as helping any individual that may have a temporary challenge (e.g. a migraine).

Of course, it is also worth remembering that as well as helping the 1 in 15 impacted by an abilities challenge, improvement can also be proven to demonstrate up to a **35% uplift** in useability for non-impacted people.
As a reminder there are 4 accessibility requirements, which HMRC currently use on their "Find software for MTD for VAT" which are:

- Cognitive
- Visual
- Hearing
- Motor

These 4 criteria will also be used for MTD for Income Tax (MTD for ITSA).

I hope those of you who joined or watched the video after our 'lunch and learn' will continue to join us at future webinars. Our Annual Summit also hosted a session on Inclusive Design, which Adi along with Helen Moloney, All Things Web® and James Durrant, B&CE participated in.

BASDA have also participated at TechShare, Europe's largest gathering of accessibility and inclusion professionals and their allies which AbilityNet runs. I was on a panel which discussed the needs for ongoing training and processes to ensure that software continues to be developed in an accessible manner. There was a lot of other valuable feedback from the panel session and I would encourage you to look at the videos.

Please feel free to share information about our Ability SIG with your colleagues and encourage them to join. The more members of an organisation that see the challenges and indeed the opportunities around abilities the better the organisation will be placed to solve them.

We are planning to have our next webinar to discuss 'motor accessibility' on Thursday, 2nd February. Book this event here.

This will be open to all – not just members of the Ability SIG so please invite other members of your company along to our series of 'lunch and learn' webinars.

Accountants in Practice (AiP) SIG

Stuart Miller, Chairperson

'***To bring together software developers, accountants and accountancy bodies, and representatives from the regulatory bodies such as HMRC, Cabinet Office, Companies House and even MPs to drive better, fit-for-purpose outcomes for all users. This also includes all our MTD work.'***

The AiP SIG has largely been focussed resolving members' issues relating to MTD for ITSA and the current state of play for the MTD for ITSA pilot. The main focuses have been looking at HMRC's thresholds for free MTD software and preparing a consultation response to HMRC's ITSA Notices released in July 2022.

Free Software

While members agreed that there should be free software available to those with the simplest of tax affairs, there was some disagreement with HMRC regarding the expectation that taxpayers with a turnover up to £85,000 should be entitled to use free software. BASDA have met with HMRC on several occasions to discuss this threshold with a proposal to reduce this to £20,000.

Given the significance of this to members (and potential implications for other areas of software), it is being owned by BASDA's Senior Leadership Forum who, through our CEO & Executive Chairperson and AiP SIG chair, are working with HMRC to get this fit for purpose. We hope to hear soon on this as it will form part of HMRC's wider proposals to ministers.

HMRC have also been asked to provide a clear and concise definition of what they believe the simplest of tax affairs is, given that it is very much open to interpretation.

MTD ITSA Notices

HMRC ran a consultation from 1 July 2022 to 28 July 2022 inviting comments on proposed notices made under regulations 3, 8, 12 and 16 of the Income Tax (Digital Requirements) Regulations 2021 (SI 2021 No. 1076).

Members were unanimous in their feedback that these notices did not provide anywhere near the detail required to build confidence in the program and provide answers to questions that many have been asking (some queries have been outstanding for over 6 months).

Following meetings with AiP SIG members, BASDA collated feedback and drafted our response to HMRC highlighting the urgent need for additional detail and clarity required on the MTD for ITSA program to make it a success.

Plans for the next quarter

We have scheduled two workshops to discuss the technical and commercial impacts MTD for ITSA is having for members and would encourage all members of the SIG to join these discussions in order that we can collate feedback to be presented to senior HMRC stakeholders with the goal of assisting HMRC in a "MTD for ITSA Roadmap Refinement" session. These sessions will again clearly demonstrate to HMRC that BASDA are a key, committed and trusted partner in the MTD program. Engaging with BASDA on a regular basis, we believe, will ensure successful development and implementation of MTD for ITSA.

Construction SIG

Liam Tumulty, Chairperson

'To maintain close links with decision making processes within government that affect the delivery of construction software, and wherever possible, influence the implementation of policy.'

The Construction SIG focuses on statutory compliance areas including Construction Industry Scheme (CIS) tax, CITB levy and

VAT for construction businesses, liaising with HMRC and others as necessary for the benefit of members.

Recently I joined the HMRC Construction Forum, a group which aims to allow open communication between HMRC and construction sector representatives with a particular focus on the CIS.

HMRC Update MTD - Construction Industry Scheme

In order to remain aligned with the MTD Programmes the implementation of CIS has been delayed by a year. Mandatory rollout will now be from April 2024. This is to ensure that HMRC is able to provide the most robust and supported service as possible. In the long-term subcontractors will be able to view the deductions applied and reconcile them in real time with their ITSA obligations. The changes are aligned with the MTD roll-out and there will not be a separate platform to view deductions.

HMRC advised that the intention under MTD is that individuals in the construction sector will be able to view CIS on a quarterly basis when they make their quarterly returns, the deduction CIS suffered in the quarter. This will enable regular reconciliation.

VAT and CIS for Modular Construction

HMRC are in the process of arranging a meeting with a business in modular construction, as this will enable the CIS and VAT policy teams to better understand the issue on modular before updating HMRC guidance. In the interim, HMRC will seek to engage with organisations to better understand modular construction.

HMRC CIS Group Arrangements for CIS Returns

HMRC CIS Policy team are continuing to review the grouping arrangement proposal for CIS that will allow for companies in a grouping arrangement (similar to the CT and VAT group arrangements) to submit a single return to HMRC on behalf of the group and to identify how the proposal should work in practice. HMRC seek further views from forum members on the proposal.

VAT Penalties

HMRC reminded the forum of Penalty Reform. This specifically in relation to HMRC's changes to the VAT rules regarding late submission and late payment penalties, which will apply from January 2023 and will include new interest rules. BASDA members should be aware of these and note how the interest will be applied.

See HMRC page here.

Construction Reverse Charge

HMRC will be running regular webinars on reverse charge. These are noted as being amongst the most popular webinars – perhaps indicating a lack of knowledge in the industry. The webinars cover Reverse Charge VAT, Impact on Cashflow and Managing the Change.

The latest HMRC guidance on Reverse Charge is available here

HMRC has been monitoring data on the VAT reverse charge, The expected changes in business patterns continues, e.g. more repayment and monthly returns, and larger businesses with higher net output tax. Due to the COVID-19 pandemic it is still too early to be sure of progress but HMRC believe the anti-fraud

objective of the reverse charge is working.

Raising Fraud Awareness in the Construction Sector

HMRC presented on raising fraud awareness in the construction sector and specifically the need for due diligence on the part of workers including those that have an interest in the industry to forum members. This highlighted labour fraud involving VAT, Construction Industry Scheme (CIS), payments PAYE and National Insurance. The fraud involves making returns to HMRC, not making payments, and then becoming insolvent. Risks and indicators include fake/false business records and long supply chains. HMRC are raising awareness internally with training and education, exploring legislative /policy changes, working with other departments.

What can be done? Business can perform due diligence, obtain knowledge of nature & length of supply chains & associated risks and report any concerns.

Advice on applying supply chain due diligence principles to assure your labour supply chains - GOV.UK (www.gov.uk)

HMRC – Current Tax Avoidance Market

HMRC made a presentation on the tax avoidance market. They estimate this market covers 31k individuals, most on incomes below £50k, with lost revenue estimated at £0.4 billion. Most schemes involved "disguised remuneration".

HMRC want to help contractors and workers understand their pay arrangements so they don't end up with an unexpected tax bill. HMRC's 'Tax avoidance – Don't get caught out' campaign helps contractors who are self-employed, or employed though an agency or umbrella company, to understand their payment arrangements and obligations.

Other Areas of Interest

Changes in audit regulation following the collapse of Carillion and other companies, will include the replacement of the Financial Reporting Council (FRC) with the Audit, Reporting and Governance Authority (ARGA). The changes include proposals to increase audit competition and strengthen checks on internal controls and business processes. The government plans to publish a draft Bill in Parliament on replacing the FRC with a more powerful Audit, Reporting and Governance Authority, expected to be operational by 2024.

Payroll, Pensions & HR SIG

Pauline Green, Chairperson

'To provide effective collaboration and engagement between members and all stakeholders across government (inc. HMRC, DWP) and wider, similar groups to drive better, fit-for-purpose outcomes for all users.'

So many changes within a tax year! The third NIC change was implemented for 6 November payroll payments. These changes are unprecedented, and I know software developers and products have had to step up to meet these challenges. I have spoken to HMRC on behalf of BASDA members several times around all these changes.
HMRC are very aware of the support you all have provided to your clients, and thank us all for our continuing support
The Vice Chairperson of the Payroll, Pensions & HR SIG, Adam Herridge, represented BASDA at the quarterly Employment and Payroll Group (EPG) in June. This EPG meeting included the following topics for discussion:

- **Health & Social Care Levy: International.** Discussion on this and

questions raised have since been superseded.

- **Electric Cars.** There was a discussion regarding policies and taxation for employees charging electric company vehicles from home. This is going to be taken away and reviewed.
- **Raising standards in the tax advice market.** HMRC are looking into different options for tax advice and ways to monitor who can provide this. Several questions were raised regarding this, and it is going to be reviewed further.
- **DM Reallocations project.** HMRC are looking to clarify the process when making late/early payments to HMRC. They are being reviewed in order to provide clearer information for this to avoid payments not being allocated correctly.
- **Child Maintenance - DWP update.** The team shared more information on how they are trying to speed up DEO payments being made to the relevant parties. BASDA also had an update regarding the BACS field #10.
- **Starter Checklist.** HMRC ran through a high-level overview of the changes which they are looking to introduce to make starter checklists simpler for employers. More information to be provided in the future.

In addition to the quarterly meeting, Adam also attended another EPG to discuss the Freeport NIC calculations, off the back of the discussions earlier in the year. Again, there was a heated debate for this regarding FUST/EB5 guidance. Particularly the fact that HMRC was specifying that the FUST had been inserted on each national insurance letter at the request of software developers. It was refuted strongly as we have not been consulted. We are still seeking further information regarding this topic.

The EPG also met early September when the Chairperson, Pauline Green attended on behalf of BASDA.

The following points were discussed:

- **NMW accommodation offset.** The focus was predominantly on the gathering of relevant information for payroll software, particularly for the agricultural industry.
- **Health and Social Care Levy.** A change of Prime Minister has meant that discussion on this and questions raised have since been superseded.
- **Scholarship Income.** This was focused on the tax treatment rather than payroll software.
- **Guidelines for Compliance - PAYE Settlement Agreements (PSAs) and PAYE Settlement Agreements (PSAs) - New digital PSA1 form (2 separate sessions).** Focus on the compliance and forms but lots of suggestions around software providers and API provisions.
- **AST - Starter Checklist update.** No major changes to the above except a slight delay to this release.

Finally, we had the Autumn Statement which did not contain any surprises this time. You can find all the documents here. Let's hope the Welsh Assembly & Scottish Parliament also have no surprises.

If you have any questions that you would like us to raise at future EPGs then please email marketing@basda.org.

Post-Brexit Working Party

Matthew Walters, Chairperson

'To ensure effective understanding of and engagement with the policy outcomes arising from Brexit – particularly regarding the Northern Ireland Protocol and other such changes resulting from the EU exit.'

The Northern Ireland Protocol Bill had its first reading in the House of Lords on 21

July and the second reading in October. At the time of writing (November 7) the Bill remains in the committee stage in the House of Lords – where the contents of the Bill are discussed and amendments yet to be voted on. In the meantime, the European Commission has launched legal action against the UK, "…to secure compliance with the Protocol in a number of key areas. This compliance is essential for Northern Ireland to continue to benefit from its privileged access to the European Single Market, and is necessary to protect the health, security and safety of EU citizens as well as the integrity of the Single Market". More information here.

On 13 October the European Commission proposed bespoke arrangements to benefit Northern Ireland These arrangements proposed include:

- A bespoke solution for Northern Ireland on food, plant and animal health (i.e. "Sanitary and Phytosanitary issues") – leading to approximately an 80% reduction in checks.
- Flexible customs formalities to facilitate the movement of goods from Great Britain to Northern Ireland – 50% reduction in paperwork.
- Enhanced engagement with Northern Ireland Stakeholders and Authorities.
- Uninterrupted security of supply of medicines from Great Britain to Northern Ireland for the long-term.

The 'Flexible customs formalities' is "… subject to safeguards, such as the UK committing to providing full and real-time access to IT systems, a review and termination clause, as well as the UK customs and market surveillance authorities implementing appropriate monitoring and enforcement measures."

BASDA and the Post-Brexit Working Group continue to monitor NI Protocol developments, particularly after the changes in government leadership and the appointments of Chris Heaton-Harris and Steve Baker to the Northern Ireland Office. BASDA will arrange a webinar when we have information to share.

We are keen to hear from members with an interest in or experience of Freeports so that we can understand how BASDA can help our members and their customers manage and benefit from the different tax and customs rules that apply. This includes managing the available tax reliefs and simplified customs procedures within a Freeport. Drop an email to marketing@basda.org if you believe you can or would like to help.

The CHIEF (the Customs Handling Import and Export Freight) system closed for imports on 1 October, and businesses who make import declarations should have moved to the Customs Declaration Service. Businesses yet to move and making their own declarations should follow the steps set out here. Those needing help with the move might want to use a customs agent. More information here.

Annual Summit 2022

'Building the Software Developer Business of the future'

What a fantastic Annual Summit - nearly 60 members joined us for a day filled with insightful presentations, very interactive Q&As combined with lots of opportunity to network and meet industry peers.

It was the first 'face-to-face' Annual Summit we have had since 2019 and to do so in person and meet so many members was a real added bonus.

We were delighted to welcome many guest speakers who have contributed articles post the event for this Bulletin.

Our Keynote Speaker was **Angela MacDonald CBE, Deputy Chief Executive and Second Permanent**

Secretary, HMRC. Following Angela further presentations throughout the day focused on MTD, Inclusive Design with panel discussions on the changing business landscape including regulatory, technical and commercial environments, talent retention and recruitment challenges.

Angela MacDonald

Opening Keynote Session: Angela MacDonald CBE, HM Revenue and Customs Deputy Chief Executive and Second Permanent Secretary

Angela's presentation focused on HMRC's 10-year vision for its tax system – including key supporting imperatives such as HMRC's IT estate, the combination of the Personal & Business Tax Accounts into The Single Customer Account, the key dependency of Making Tax Digital and the critical role of external software developers. Key to all of this is the supporting resource model (systems, processes, and people) and the role software developers and BASDA can play in how we can collectively, truly innovate by developing and integrating ECO-Systems to close the loop on key processes and conjoin citizens' and businesses' (including agents).

Key sound bites included:

- Many customers already use tax software with c. 87% already with third party software providers.
- Focused on the introduction of digital tax systems by 2030 – helping HMRC's customers get tax right first time.
- Intention is to increase convenience for customers and reduce data and payment errors.
- Technology and activity have come closely together – tax needs to be no exception.
- Customers want to use a digital tax system – the software industry needs to be at heart of that.
- There are common issues and challenges and a need to learn lessons from those jurisdictions.
- OECD Tax Admin 3.0 should be a point of reference. There is a need to be discerning as there is a requirement for tax journeys and tax experiences that are suitable for tax policy and the interaction.
- Want to get closer to two-way messaging in real time. Millions of customers are employees and there is a real struggle to reach them for, by way of example, queries on p45s et. There currently is no mechanism for HMRC to get direct to those employees and have that two-way exchange. There is a real need to move away from a portal first strategy – to an API first strategy, also as an integration enabler - and a requirement for a vision for a solution that fundamentally shifts the status quo.
- HMRC wish to work closer with BASDA and its members and would like to encourage a future of partnerships where co-creation is at the heart of everything – harnessing a combined knowledge and understanding of business processes and needs of customers with technical expertise.
- The possibility to work in smaller consortia - come together to solve common issues. These models happen with shared, common componentry working seamlessly in other sectors.
- Further revolutionise our tax market – Open Banking is a good example to reference.
- Actively working to develop public APIs for open banking and to making them public.
- Work towards market led solutions and for software developers to value-added services.
- Collaboration – identify and so address barriers to achievement.
- The roles (i.e. HMRC and BASDA) in the ecosystem should not be limiting.

The future should be a place where both HMRC and software developers do not have to be constrained to work together. Collaboration is critical, including sharing ecosystems.

The digital exchange of data and the two-way relationship between HMRC and the software developers industry customers should form part of a trusted model and tax system.

There is a commercial win for software developers in getting this right.

It may be a long-term ambition but in Angela's words HMRC are reaching for the stars.

Richard Fowler, Deputy Director, Making Tax Digital, HMRC

Richard presented an overview of the status of the VAT and ITSA programmes.

The overall HMRC vision is **'One team'** with MTD centres on establishing and developing the right culture for successful delivery – one in which everyone is aligned, shares a common purpose, and has the experience of the end customer at the heart of what we do.

Richard provided an update on activity across the previous 12 months which included:

- MTD Software developer forums to keep the industry updated.
- Regular 1to1 meetings with suppliers along with the SDST team.
- Introduced a Digital Implementation Forum for software developers, HMRC and agent representatives to deep dive and progress issues.
- Fortnightly senior MTD calls with BASDA.
- Developer roundtable with the Financial Secretary.
- Consulting developers in sandbox testing and discussions on design.

The next 12 months will focus on:

- More joint problem solving – like the BASDA workshops last week to deep dive into some ITSA issues like multiple agents and joint property.
- Expanding and deepening the work of the DIF to really get to root of issues.
- New software team in HMRC's Intermediaries Directorate will allow us to consider longer term options for engagement with BASDA and the industry.
- Consider how we can involve software industry earlier in policy and design.

Richard provided an update on the current situation with VAT with reference to the effort being made to keep software developers as informed as possible on the comms plans around this initiative.

On VAT Richard elaborated on the wider communications approach which is directed towards the sectors with the lowest sign-up rates; including sector-specific campaigns to increase breadth of VAT messaging.

There was a recognition that ITSA is more complex than VAT, with a greater range of customer types and more varied functionality. Throughout the ITSA pilot, HMRC are iterating and expanding gradually, ensuring there is test and learn built in.

Preparations for ITSA mandation continue, in particular:

- Continuing to build the pilot working with our external partners (including BASDA) in resolving outstanding policy and design issues.
- Growing our communications and building on VAT to work more in tandem with software communications.
- Expanding our guidance.

Richard thanked BASDA members for engagement to date and acknowledged there is still more both HMRC and BASDA

can do to develop the partnership approach.

Louise Tarpy – Head of External Software Integration, HMRC

Those who have heard me speak at previous BASDA summits, will be aware of the importance HMRC places on ensuring there are commercial tax software products in the marketplace, that meet the needs of all our customers. Yet, despite the many compelling reasons for inclusive design, accessibility is often still treated as the 'poor relation', compared to other key product development considerations, such as, security, compatibility, and integration testing.
As I approached planning for this year's BASDA Summit, I got to wondering why this is. Why isn't inclusive design considered a priority at the start of, and throughout, the product delivery lifecycle? I realised it might be helpful to showcase the tangible benefits of building inclusively, in a different way. So, in this session, I applied a human lens, using personas to demonstrate how all parties in a digital tax journey can benefit from well-designed, accessible products. In our case, that's HMRC, software developers and users (taxpayers and agents).

Persona 1 - HMRC

As HMRC, having inclusive commercial tax software in the marketplace, benefits me by:

- Supporting the strategic aim of becoming one of the world's most digitally advanced tax administrations and encouraging digital adoption.
- Ensuring all customers are treated fairly and equitably.
- Providing all taxpayers with equal opportunities to grow and innovate their business.
- Streamlining tax functions for all taxpayers, improving quality and speed of data received, ensuring tax bills are accurate and benefits paid are correct.
- Ensuring data sent to Other Government Departments, for example DWP for Universal Credit, is accurate.
- Facilitating self-serve, reducing the need for resource intensive manual support models and taxpayer funded solutions, reducing overall costs to serve.
- Providing confidence commercial tax software (an integral part of the tax system) complies with the Equality Act 2010 and Web Content Accessibility Guidelines (WCAG).

Persona 2 – Software Developer

As a software developer, building inclusive commercial tax software, benefits me by:

- Ensuring all my customers are treated fairly and equitably, everyone has a voice.
- Appealing to the broadest demographic possible, opening up new markets and attracting customers from non-compliant competitors.
- Providing products that adapt and grow with my customers' needs, helping me to build loyalty and a positive brand image.
- Meeting my legal obligations under the Equalities Act and Web Content Accessibility Guidelines (WCAG), reducing the chances of legal action.
- Facilitating self-serve, reducing the need for resource intensive manual support models which, in turn, reduces my overall cost to serve.
- Providing my customers with the tools they need to grow and innovate their business.
- Keeping users in my product, providing opportunities for upselling.
- Avoiding reputational damage.

Persona 3 – User (taxpayers and agents)

As a user, having access to a wide range of inclusive commercial tax software, benefits me by:

- Ensuring I'm treated fairly and equitably, I feel listened to and valued.
- Giving me the same opportunity to exploit the benefits of third-party software solutions as everyone else.
- Improving the quality and speed of data I send to HMRC, ensuring my tax bills are accurate and my benefits are correctly calculated.
- Giving me confidence that I am complying with my tax obligations.
- Reducing my reliance on resource intensive manual support models.
- Reducing my administrative burdens, giving me more time to grow and innovate my business.
- Giving me parity with my peers and enabling me to use the same software as my agent.
- Providing me with a solution that can grow and adapt as my needs change.

From every perspective, the message is simple, inclusive products mean '**Everyone's a winner' (see Appendix 1 below).**

Since BASDA Summit 2021, HMRC has continued to work in partnership with BASDA and the wider developer community to promote and progress the inclusivity agenda.

Key advances include:

- HMRC working on a **Developer Accessibility Support Package**, to be made available in the Developer Hub.
- The number of Making Tax Digital (MTD) for VAT accessible products listed on GOV.UK has increased from **22 to 34** (originally 13).
- New **Terms of Use** journey launched, requiring **all developers** to declare their **accessibility status** upfront.
- And finally, in wider government, 2022 saw the creation of a new Digital, Data & Technology (DDaT) role – ***Accessibility Specialist***. DDaT is the professions framework, which underpins digital roles in the public sector. By creating a dedicated role, government is recognising that accessibility expertise is one of the key skills required for building the digital services of the future. It makes Accessibility Specialist a profession in its own right, opening up opportunities for targeted training and providing clear career progression paths. The role definitions were created in partnership with private sector peers, with the intention that they would help to set industry standards and become a catalyst for growth across the entire sector.

Adam Tweed, Innovation Consultant, AbilityNet

"How can we help if they don't tell us what's wrong?"

"How can we help if they don't tell us what's wrong?" – this is one of the common questions that comes up around accessibility and was one of the questions I heard several times during the BASDA Annual Summit.
The question comes from a genuine desire to do things better, to be more inclusive, to avoid marginalising or excluding, and often to also recognise the huge benefits that diversity has for an organisation. As Adi Latif highlighted during the day having a workforce that is representative of your customer base, of wider society, will enable you to build better products and services, products and services that you know everyone will be able to use, because you will have that constant feedback and will have a team that builds in inclusivity probably without even realising they are doing it. The issue that many in the room seemed to be highlighting was that no matter how they asked, how clear it was made that disabled people could come forwards, identify themselves and ask for help, they

simply didn't seem to be doing so, and this was frustrating.

The thing is, disabled people face almost constant discrimination, sometimes direct, often indirect, many times with the best intentions: "oh Jamie has autism, so we won't send them to that conference because autistic people don't like crowds."

There is the stigma of being seen as a 'special case' of having adjustments to workload because of a condition or disability that aren't available to colleagues "I wish I had what you've got, I'd like my targets to be reduced!"

Finally, most importantly, there is also the very simple fact that not everyone wants to share personal information, for whatever reason and not gaining access to support may be considered a reasonable price to pay to maintain personal privacy.

So, the question is, do we want to build 'safe' environments where people can 'disclose' difficulties and access adjustments and other help, or do we want to build environments where our working practices, our systems and processes adjust to the preferred working style of an individual? Where disability or difference doesn't need to be disclosed to work in the way that suits us best.

This is the goal, but accessibility and inclusivity are a journey, something we've highlighted in our "Employee inclusion journey gap analysis. Attempting to tackle everything at once is a daunting task that often ultimately results in people feeling it is too much and avoiding it altogether.

I think the discussion in the room highlighted that we are all at different stages, we all face different challenges and successes. When it comes to "How can we help if they don't tell us what's wrong?" maybe an achievable first step towards truly inclusive working is to work towards eliminating diagnosis or disclosure as a prerequisite for flexibility. Perhaps we can simply say to our teams "if you're finding something difficult, for whatever reason, we want to know, you don't need to give us a reason why."

Encourage people to identify the barriers in your systems, processes and products that's where innovation comes from, that's where you discover the differences that improve everyone's experience and the move into truly inclusive working becomes a gently sloping ramp rather than a daunting step up.

Resourcing for Success

The afternoon session at the Summit was focused on '**Resourcing for Success**' and the panel explored in great detail the challenges facing the business software industry including the importance of a well-thought-out resourcing strategy to enable future success, including:

- Behaviours and competencies needed to build a more inclusive culture.
- How to deal with an unconscious bias to ensure an inclusive approach to recruitment.
- The must-have components of a comprehensive onboarding process.
- How to ensure full engagement in collaborative working for mutual benefit.
- The essential components of an inclusive IT strategy.
- How to lead a culture of self-improvement in your workforce.
- Strategies for management teams to help build an engaged workforce.

One of the attendees commented .....

"The talks assisted us with future business strategic planning and the event was a great way to network with other software providers that face similar issues to ourselves."

Guest Article: Peter Quintana, Business Coach, hgkc

The UK tech industry emerged from the pandemic valued at c$1trillion dollars. New start-ups and scaleups have taken off, and most would say that the sector is an exciting place to be.

But at a time of great challenge and uncertainty, with war in Europe, political and economic upheaval in the UK and across the world, the threat of another winter impacted by COVID, and the full impact of BREXIT yet to be felt, even the most optimistic CEO could be excused if they feel that resourcing for future success is daunting.
The ISL Talent Retention Report on Tech Scaleups 2022, found that 59% of employers surveyed said there were not enough skilled employees, and that this is having a major effect on their business.

Debbie Forster MBE, CEO, Tech Talent Charter says: "There is a growing tech talent shortage in the UK, which is threatening growth and the ability to scale-up. There's no silver bullet but taking a conscious decision to adopt more inclusive work practices and schemes has an important part to play." Employers need to think differently about recruitment and retention, and the Resourcing for Success panel Q&A at this year's Summit, facilitated by Peter Quintana of hgkc, with Liz Miller (HR and Legal Trainer), Adi Latif, Adam Tweed (both from AbilityNet) and Pauline Green (Intuit) explored critical topics such as culture, leadership, and recruitment, and emphasised the importance of an inclusive process from senior management right through the organisation.

Culture is built on beliefs, values, and behaviours. If companies want to build a culture around accessibility and disability inclusion, it is important they recognise the positive impact all staff can make. Key behaviours include listening and remaining open to ideas for improvement.

Accessibility is key to allowing all people to thrive, and leaders that take accessibility seriously are investing heavily, mandating development with accessibility in front of mind, and developing an engaged workforce empowered to raise standards.

Recruitment decisions can be affected by unconscious bias – no matter how good the inclusion training, the temptation to recruit 'just like me' can be difficult to overcome.
There are cases of companies moving to anonymous applications, meeting the candidate face to face only once they have been short-listed. Candidates presenting can do the job – interview panels can focus on hiring against values.

Once hired, the onboarding process must be geared to meet the widest possible needs of new starters and focused on socialising them into their new surroundings so that they can achieve their best work and enjoy their experience being part of the organisation.

Encouraging a culture of self-improvement across the whole work force to bring everybody up to the same level is important, but so too is recognising that each employee has a unique skillset. High performing teams have complimentary skillsets, and 'brave' goals that are stretching.

Achieving consistency in the approach leadership takes to engagement, inclusion, and accessibility, is difficult, especially in larger organisations. By making efforts to provide positive representation of diversity at all levels, recognising uniqueness, and celebrating the differences that each individual brings, leaders will help employees to fulfil their potential by pursuing what they excel at and enjoy.

If you would like to talk about how your leadership team could build an inclusive and innovative culture, and a values driven, engaged workforce that wants to stay with you, contact hgkc today to find out how they can help.

Stronger Together

Thank you for your ongoing engagement and continued support. Now, more than ever, it is key that we collaborate most effectively as an industry - to the benefit of all. We are '**Stronger Together'**.

Continue to follow us on social channels – BASDA is on LinkedIn and Twitter - for more news, insights and valuable assets about our industry and collective opportunities and achievements.

I wish you all a more enjoyable and rewarding New Year - keep safe & well.

Warmest regards

Kevin Hart

CEO & Executive Chairperson

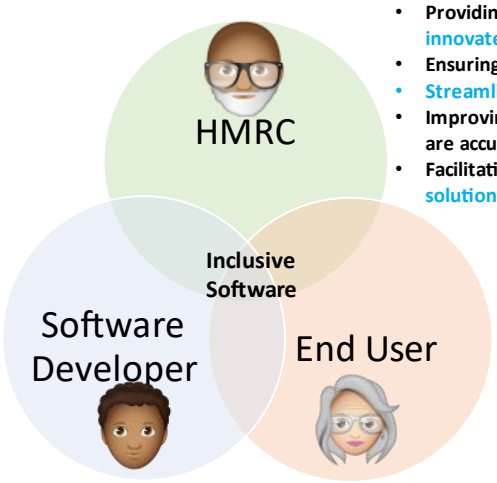
Appendix 1

Diagram from Louise Tarpy's presentation:

Accessible design 'everyone's a winner'

As a developer, making WCAG compliant software means I:

- Appeal to the broadest demographic possible (open new markets).
- Provide products that adapt and grow with customer needs, building loyalty.
- Stand out from the crowd and attract customers from non-compliant competitors.
- Build reputation and boost brand image.
- Meet legal obligations.
- Treat all my customers fairly and equitably, ensuring everyone has a voice.
- Facilitate self-serve, reducing overall cost to serve.



As HMRC, WCAG compliant software benefits us by:

- Supporting our strategic aim of becoming a world-class digital tax administration, and encouraging digital adoption.
- Providing all taxpayers with equal opportunities to grow and innovate their business.
- Ensuring all customers treated fairly and equitably.
- Streamlining tax functions for all taxpayers.
- Improving quality/speed of data received, ensuring tax bills are accurate and benefits paid are correct.
- Facilitating self -serve, reducing need for taxpayer funded solutions and overall costs to serve.

As a user, WCAG compliant software means I:

- Am treated fairly and equitably . I feel listened to and valued!
- Can self-serve my tax obligations, reducing my administrative burdens.
- Improve quality/speed of data I send to HMRC.
- Have more time to focus on growth/innovation of my business.
- Receive accurate/ timely benefits and credits.
- Have parity with my peers ands use the same software as my agent.

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