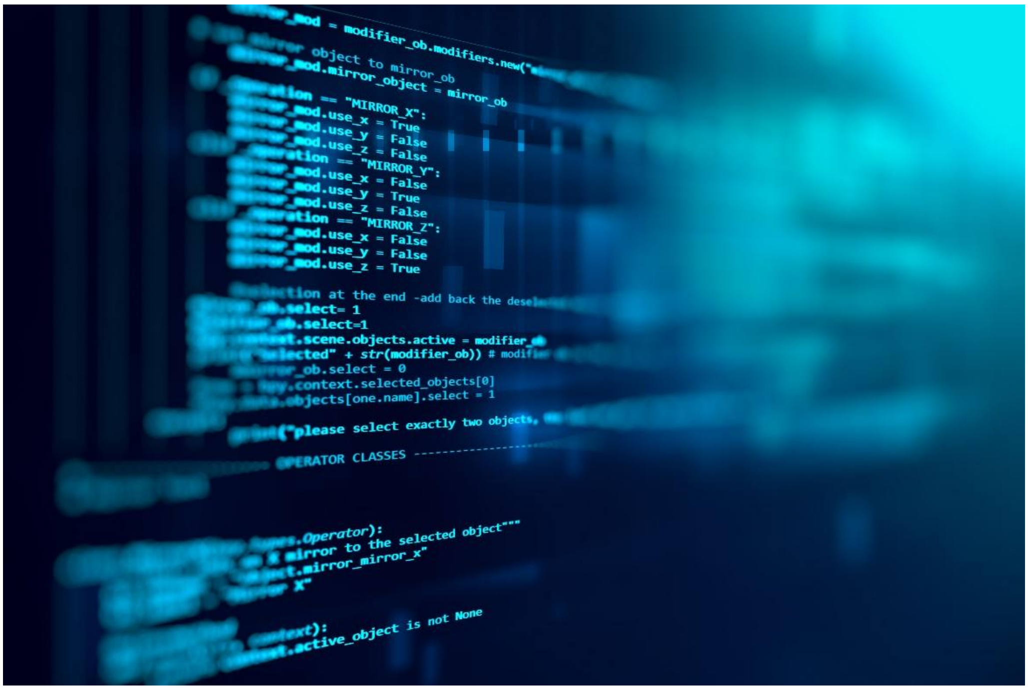
Spring Summer Update



Message from Kevin Hart - CEO and Executive Chairperson, BASDA

Welcome to this year's Spring/Summer BASDA Bulletin. I hope that you, your family, friends and colleagues are well.

So far, 2026 has been significant for our deliverables and achievements – working with you and on your behalf.

We held what was arguably our best Annual Summit to date at the end of April, with 70 attendees, attracting members, a few prospects and strategic partners – all gathering to hear from:

- HMRC's CEO – JP Marks on the importance of our industry and his commitment to our crucial interworking;
- HMRC's CTO – Tom Skalycz on their vision and plan for the entirety of their IT estate over the next 5-10 years and initial thoughts on new, better ways of working;
- HMRC's Deputy Director for Intermediaries – Chris Simons, on recognising BASDA's key role in shaping their Software Strategy and then onto workshopping initial thoughts on accompanying standards (an area that a number of us are heavily involved in).

Our very own Kevin Sefton then facilitated a great session on business risk and readiness, and the various threats and route causes to help members think even more strategically about what may help, and hinder, business success and so a thriving software sector.

The ever-valuable networking session ended the day (and took place between all the breaks) and we came away exhausted but buzzing with great engagement and feedback. I'm also delighted to report that we have secured several new members directly as a result -bringing more diversity and value to all.

We have achieved a significant win in 'de-scoping' Payrolling Benefits in Kind (PBiK) and through our very senior but also highly collaborative escalation, we are at the hub of all resulting developments and deliverables with HMRC to ensure they are fit for purpose and delivered (just) in time to complete development. This valuable work continues and I'm grateful for the terrific support of members, championed by Steve Wilkinson and Adam Herridge of your Payroll, Pensions & HR SIG.

In parallel [with PBiK], we've also been achieving the great progress on Corporation Tax – particularly to reduce the burden of the very significant work planned to change and add to the CT Calculations – through senior exec escalation and offers of support. We have managed to both get a pause in proceedings plus engage the senior CT policy team and get them to share pain points, examples and strategic intent so we can work together to minimise overheads for all and secure the right focus for the different cohorts, as 'on size certainly doesn't fit all' here.

This is incredibly comprehensive work, with detailed analysis required at every stage, and I'm deeply indebted to our SMEs in our CT Calcs Working Group – Tim Hervey & Patrick Kelly - along with the AiP SIG co-chairs Jess Jenson and Kevin Sefton - for their support and guidance too. We continue to map out the best way forward and engage with all to get the best outcomes for our members.

And alongside these, our e-Invoicing SIG is accelerating quickly, with Rob Jones joining Stuart Miller as co-chairs of this new SIG and along with myself, engaging heavily with HMRC, DBT, eLab, service provides and other key stakeholders. I also have the honour of being asked to represent the developer community as the only such external on HMRC's E-Invoicing Programme Board and have been pushing for early network decision and I'm so delighted that the Peppol announcement has been made. We now need to chart a roadmap to get us to a position of clarity on all the major points of interest to all and so, to delivery by the end of this government's initial term.

MTD IT hasn't been forgotten – far from it - and we continue to work closely with the senior team at HMRC (I'm also on their Programme Board for MTD) to ensure all developments and ongoing service provision is fit for purpose and our members' and their customers' interests are best served here.

I represent BASDA members on key HMRC forums and have been, and will continue to be, incredibly engaged in the Software Strategy and accompanying Software Standards work to ensure all is worthwhile and well balanced – a not insignificant challenge but one that's crucial for us, I believe.

Finally, we have some vacancies on BASDA's General Council – the 'steering group' for BASDA's activities, budgets and plans – and I'd be delighted to have a conversation with anyone who is interested in representing all members in this key forum.

We meet once a quarter, for about 2 hours online – with one of those being in-person for about 3 hours where we plan the strategy for the year ahead. All papers are circulated in advance and from time to time, some GC members may take on a task or two to assist and so one might expect up to ½ day per month in total.

Do please reach out to me and we can have an informal discussion about the benefits of such representation and example participation; it's often a great networking tool along with personal development outcomes (and the personal development angle often results in people moving on, hence we have some vacancies).

Meanwhile, do please ensure you're signed up to the right SIGs and accompanying WhatsApp groups (do reach out to Carol re any clarification or requests here) via Marketing@basda.org.

I wish you all an enjoyable and restful holiday season and business success, and I thank you for your ongoing support and engagement.

Take care.

Kevin.hart@basda.org

External Partnerships

BASDA continues to be a supporter of **Accountex** and was a key partner for the event at ExCel, London on 13 & 14th May, 2026.

Our Associate Member, AbilityNet held a very successful **TechShare Pro** last November. Events like this provide a vital platform for collaboration, learning and inspiration on how we can make digital inclusion a standard, not a goal. We very much look forward to engaging with them for their 2026 event.

BASDA is collaborating closely with the **BCS payrolling group and CIPP** and continues to review draft technical specifications relating to PBiK and providing swift feedback.

CIPP Annual Awards: Due to the close relationship and engagement with CIPP BASDA is represented by our CEO, Kevin Hart, on the judging panel for the CIPP Annual Payroll Awards.

Specialist Interest Group (SIG) – Updates

SIGs are key to our value proposition and therefore 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 your BASDA membership.

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

Annual Summit 2026

The 2026 BASDA Annual Summit, "**Beyond AI Hype – Innovation and Transformation in Business Software**," brought together 70 attendees (mix of members, non-members and guests speakers) for a day focused on the future of business software and public-private collaboration. A highlight was the keynote from JP Marks, First Permanent Secretary and Chief Executive of HMRC, who shared HMRC's strategy to 2030 and beyond - and has already confirmed he'll return for the 2027 Summit. Sessions from Chris Simmons (Deputy Director, Intermediaries, HMRC) on software standards and Tom Skalycz (CTO, HMRC) on technology and delivery rounded out a day that reinforced BASDA's role as a key bridge between industry and government, sparking a follow-up webinar and new collaboration opportunities including a potential future supplier engagement event.

Recognition and Growth

The Summit also celebrated two inaugural BASDA awards: Louise Tarpy received the Award for Excellence in Stakeholder Collaboration (in memory of Theo van Dort), and Gary Turner received the Award for Excellence in Business Software Leadership (in honour of Peter Prater). Strong networking throughout the day translated directly into membership growth, with four new full members joining as a result of the event and we'd like to welcome AlphaTax, Merit Software, Nexum Pensions and Comply.Land.

Feedback and What's Next

Attendee feedback was overwhelmingly positive: all respondents rated registration as easy, all said catering was good or excellent, and every attendee rated the value for ticket price as good or excellent, with 83% saying they're very likely to return in 2027. Looking ahead, the 2027 Summit is set to continue at the Wellcome Collection, with possible April dates currently under consideration - building on a year of strong momentum for BASDA's role in shaping the UK's business software ecosystem.

Why working in partnership with BASDA is important to HMRC

By JP Marks, Chief Executive and First Permanent Secretary, HMRC

Just after Easter this year – and around my first anniversary in post as Chief Executive of HMRC - I had the pleasure of delivering the keynote speech at BASDA's Annual Summit in London. The summit demonstrated how HMRC, working in partnership with our partners and stakeholders, can genuinely co-create and further develop the services and policies that support taxpayers.

I focused on several key themes that resonated through the day's wider sessions. I am a strong advocate of working in the open. For us, working with software developers is essential and we genuinely value the relationship we have with the industry and with BASDA.

In my session at the summit, we explored why software matters to HMRC. A growing number of our customers experience the tax and customs system through third party software - so it's central to HMRC's transformation ambitions and to delivering better outcomes for customers. That's why we recently published our strategic approach to third-party software. This document sets out shared principles for working with developers while recognising HMRC's role as system steward, and the vital role software plays in supporting compliance and improving the overall customer experience. It reflects our ambition to move beyond traditional consultation towards genuine collaboration and co-design, engaging with developers earlier and sharing our plans more openly and designing services together wherever possible.

We are working hard in partnership with BASDA and our partners to make this strategy impactful and effective. Next year we will publish an action plan, developed with our partners, setting out how we will continue strengthening collaboration with the software industry and turning these shared ambitions into practical delivery. I have also asked colleagues to consider, working with industry, how HMRC's Op Model needs to evolve to better support and reflect the growing importance of the software ecosystem.

I hope it was valuable for BASDA colleagues to see our IT strategy at a level of detail that has not previously been shared. This greater transparency, both in terms of where we are now and where we are aiming to get to, helps all organisations plan, align and contribute more effectively. It has also been encouraging to see the strong engagement in follow-up sessions and webinars with BASDA on PATH, HMRC's approach to implementing advanced technology, where we have received positive feedback.

This is all part of our wider Transformation Roadmap published last July- our single plan for reform over this spending review period and beyond, with an ambition to make the system simpler, more accurate and more accessible. Delivery against the roadmap depends on a thriving software market and effective integration with HMRC's services.

With an aim to become a digital-first tax and customs authority – increasing our digital self-serve interactions from 80% today to 90% by 2030 – it's more important than ever that HMRC works closely and co-creates with our partners in the software industry. You have the professional expertise to create clear, functional software that builds in a great customer experience, underpinned by clear and strong standards and necessary requirements to ensure customers can be tax compliant and meet their legal obligations. I'm grateful for the collaboration, and for the way we are working together effectively with the software industry - for example, in developing Making Tax Digital for Income Tax services. By collaborating in the open, the roll-out has made a good start, with services that meet customer needs, and we need to stay the course.

I absolutely recognise that HMRC's digital transformation can pose challenges, especially regarding investment and testing often required by software developers and suppliers - which is why we value the open and constructive conversations we have with industry, such as at this year's BASDA Summit. At the summit I really welcomed the opportunity to answer questions – some rightly highlighting challenges and areas where we can and should be more ambitious and collaborate even more closely. This is something my team and I are very committed to doing.

On 12 June, we announced changes to the delivery timeline of mandating the Payrolling of Benefits in Kind. BASDA were a key partner in this decision making, and we thank you and your members for the insight you gave us. The continued engagement of developers, which intensified in February this year, helped us to understand the practical challenges to updating software to facilitate the payrolling of all benefits from April 2027.

Phasing protects the investment already made by early adopters, gives others additional time to get ready and, importantly for your members, reduces delivery risk by allowing payroll systems to be developed, tested and embedded in stages. We continue to welcome technical feedback on any impact these changes have on product development, and our teams will continue engaging with you closely in the spirit of co-creation over the coming months.

Let me say thank you to everyone at BASDA, and all those who attended this year's summit. I found the sessions engaging, and the feedback constructive. I was also delighted to co-present an award to HMRC's Louise Tarpy, who has worked very closely with multiple suppliers on a range of digital products. This exemplifies the strength of our partnership, and how together we can really build services that support the software industry, our customers, and HMRC's priority of collecting the tax that helps fund vital public services.

I look forward to more conversations and returning to the summit to speak with you again in future.

HMRC Webinar

Following the BASDA Summit and Tom Skalycz's presentation on HMRC's IT strategy, members were invited to a follow-up webinar with HMRC on Thursday 4th June. The session opened with a recap of Tom's Summit talk for those who couldn't attend, before exploring "Path" - HMRC's new approach to accelerating how digital tax and customs services are designed, built and delivered - in more detail, including how HMRC is evolving the way it collaborates with industry partners like BASDA.

Feedback from the Summit session itself has been excellent, with HMRC praising the strong engagement and openness from BASDA members to support delivery of Path. HMRC has confirmed it would welcome a BASDA session connecting members with start-up and New Co experience to share lessons learned, and is also exploring further collaboration opportunities, including involving BASDA in its Path Week (commencing 19th October) and a possible future supplier event to highlight procurement opportunities, subject to approval.

Accountants in Practice (AiP) SIG

Jess Jensen & Kevin Sefton, Co-Chairpersons

'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 Accountants in Practice Specialist Interest Group (AIP SIG) continues to provide an important forum for members to share experiences, identify common challenges and influence the direction of tax and accounting software policy through our engagement with HMRC and other government bodies.

Since our last update, the SIG has been actively progressing a number of strategic initiatives and responding to several significant government announcements.

Corporation Tax Modernisation

The group has continued its engagement with HMRC on the future direction of Corporation Tax digital services. A full update is provided under the CT Comps Working Party section. This working party will continue to work closely with HMRC as their future Corporation Tax strategy develops.

Making Tax Digital

Making Tax Digital (MTD) remains a major area of focus.

Recent discussions have centred on service readiness ahead of upcoming filing periods, including system resilience, communications during service outages and the practical experience for software providers and taxpayers.

Members have also raised concerns around end-of-year functionality, API design and the need for clearer guidance to support successful implementation. These issues continue to be escalated through BASDA's regular engagement with HMRC.

Strategic Engagement with HMRC

At a recent meeting the SIG reviewed the agenda for the forthcoming HMRC Strategic Software Forum, where BASDA represents the wider software industry.

Topics include:

- HMRC's Corporation Tax vision.
- Transition to GOV.UK One Login.
- Future approaches to collaboration and data sharing between HMRC and software providers.

Members are encouraged to share examples and feedback which can be raised directly with HMRC during these discussions.

Government Consultations and Policy Developments

The SIG has reviewed the recent package of tax consultations and announcements, including proposals relating to:

- UK e-invoicing and the adoption of the Peppol interoperability framework.
- Supplementary VAT reporting data.
- Electronic Point of Sale (EPOS) software standards.
- Future PAYE and payment process reforms.
- Corporation Tax modernisation initiatives.

Given the volume of consultations currently underway, BASDA will continue to identify areas where coordinated industry responses would add value.

Looking Ahead

Over the coming months the group will continue to focus on:

- Influencing HMRC's Corporation Tax transformation programme.
- Supporting successful delivery of Making Tax Digital.
- Improving collaboration between HMRC and software developers.
- Responding to key consultations affecting the software industry.
- Identifying opportunities for greater member engagement and evidence gathering to support BASDA's policy work.
- Exploring appetite for and ways to better engage with Companies House ahead of impending reforms.

Upcoming SSF Meetings

BASDA will be represented by the SIG Co-Chairs at future SSF meetings:

- 16 July
- 15 October

Thank you to all members who continue to contribute their expertise and experience. Your input plays a vital role in ensuring BASDA represents the interests of the software industry and helps shape future government policy.

Payroll, Pensions & HR SIG

Adam Herridge & Steve Wilkinson, Co-Chairpersons

'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.'

Since the last Bulletin, the SIG has been involved in the following activities:

Mandatory Payrolling of Benefits in Kind

There has been significant progress on Mandatory Payrolling of Benefits in Kind (MPBiK) following continued engagement between BASDA, HMRC and HM Treasury. Following extensive industry collaboration and representation, the Treasury Minister has now agreed to a revised implementation approach that will substantially reduce the delivery burden for software providers, employers and agents. Rather than introducing all benefits from April 2027, implementation will now be phased.

The net result being that MPBiK will be split over two phases - those being:

April 2027 - delivery via the technical framework announced through the interim guidance issued in November 2025 will only apply to

- company cars and fuel,
- vans and van fuel,
- private medical benefits

or those already reporting via the 'voluntary PBiK scheme, this will continue to be supported for 2027 tax year and so one can continue to use that mechanism.

April 2028 - most of the remaining benefits will need to be reported via the new framework, with the exception of loans and accommodation benefits; these will be phased in at a later date.

This dramatically reduces the work required for 2027 and we are advising HMRC on the supporting technical specifications - as part of a small, very focused team - to ensure that these are fit for purpose for such work and are also driving similar needs for testing services and swift answers to questions arising.

This phased approach reflects the concerns raised by BASDA and members about the complexity of the original proposals and represents a significant achievement for collaborative industry engagement.

We would encourage members to also refer to HMRC guidance which is available **HERE**

The Payroll, Pensions & HR SIG continues to play a central role in shaping the programme, working closely with HMRC on the technical specifications to ensure they are practical, proportionate and fit for purpose. Discussions at our recent SIG meeting also highlighted the importance of accessible benefit provider data, robust testing services and realistic implementation timescales. Members were reminded not to begin development against earlier draft specifications, as further changes are expected while work continues on the final design.

Alongside payrolling, the group also explored HMRC's proposed tax agent registration requirements and the implications for software providers, particularly where AI-enabled functionality may blur the distinction between guidance and advice. The SIG also agreed to increase its focus on pensions, with future sessions planned on the Pensions Dashboard programme and wider developments affecting payroll software.

Member engagement remains vital as this work progresses, and we encourage anyone wishing to contribute to discussions or receive timely updates to join the Payroll, Pensions & HR SIG community and our dedicated WhatsApp group.

The next SIG quarterly meeting will be scheduled shortly.

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.

The **Commercial Payments Bill** [HL] – the most significant reform to UK late payment law in over 25 years – is currently making its way through Parliament. Software products handling for interest, fixed terms and fixed fees.

A summary of the main changes, the supporting government sources, and where things stand in the legislative process is set out below.

Main Changes

1. Statutory payment-term caps (all sectors)

Maximum payment periods of **30 days (public authority purchaser) or <u>60 days (private purchaser)</u>** will apply to commercial contracts. Terms exceeding this are void, with a 30-day implied term applying by default. A limited SME exemption route exists but is not yet detailed in regulations.

2. Mandatory, non-excludable statutory interest

Interest **at 8% above the Bank of England base rate will apply** to all qualifying late payments, calculated on the VAT-inclusive debt. Contract terms that try to vary or exclude this become void – closing a loophole many businesses currently use.

3. Fixed sum for late-raised disputes

A new fixed charge (higher of £40 or 1% of the contract price) applies where a purchaser raises a payment dispute too late, or without adequate detail, to justify withholding payment. This does not apply to construction contracts.

4. Construction retentions ban (construction-sector products only)

A phased ban on cash retentions in construction contracts: a 2-year transition period, followed by a further year during which existing retained sums must be released (the "last retention day"), after which any new retention clause is void outright. Unauthorised retention after that point triggers a penalty of the higher of £40 or 50% of the retained sum.

5. Expanded Small Business Commissioner powers

The SBC gains powers to adjudicate payment disputes**, investigate persistent poor payment practices, and fine larger businesses up to 1% of UK annual turnover** – including for entering into contracts with void payment terms.

Government and Parliamentary Sources

Original consultation (31 Jul – 23 Oct 2025, 867 responses):
https://www.gov.uk/government/consultations/late-payments-tackling-poor-payment-practices

Government response, "Time to Pay Up" (24 March 2026):
https://www.gov.uk/government/consultations/late-payments-tackling-poor-payment-practices/outcome/late-payment-consultation-time-to-pay-up-government-response-web-version

Press release (24 March 2026):
https://www.gov.uk/government/news/time-to-pay-up-government-unveils-toughest-crackdown-on-late-payments-in-over-25-years

Bill factsheet / overview:
https://www.gov.uk/government/publications/commercial-payments-bill-factsheets/commercial-payments-bill-overview

Bill page, progress tracker and full text (HL Bill 4): https://bills.parliament.uk/bills/4128

House of Lords Library briefing:
https://lordslibrary.parliament.uk/research-briefings/lln-2026-0028/

Hansard, Second Reading debate (9 June 2026):
https://hansard.parliament.uk/Lords/2026-06-

09/debates/F2258E73-D3EC-4992-9513-E210C19149BF/CommercialPaymentsBill(HL)

Direction of Travel and Likely Timeline

Where things stand: the Bill was introduced in the **House of Lords on 19 May 2026** and had its Second Reading on 9 June 2026. Committee Stage in the Lords has not yet been scheduled. After completing all Lords stages (Committee, Report, Third Reading), the Bill must then pass through the equivalent stages in the House of Commons before it can receive Royal Assent – so there is a substantial amount of parliamentary process still ahead.

What's still open: the government has **explicitly said it will consult further with interested parties on the retentions ban** specifically before taking a final decision on implementation – no such follow-up consultation has been launched yet, so the retentions provisions in particular could still change materially. Second Reading debate also raised open questions (e.g. defect liability after retentions are banned, treatment of very short payment/dispute windows) that may generate amendments at Committee Stage.

Commencement: most provisions come into force by Secretary of State regulation rather than automatically on Royal Assent, and the government has indicated it will allow a lead-in/transition period. Industry commentary broadly expects the payment-term and interest changes to apply no earlier than 2027, with the retentions ban timeline running in years from whenever section 113B is commenced (2-year transition, 3-year full release of existing retentions) – so full effect for retentions is realistically several years out even after Royal Assent.

Recommended posture: no immediate compliance deadline, but worth starting a design/scoping exercise now, especially for retentions and payment-terms validation logic, given the direction of travel is very unlikely to reverse. We'll continue to track Committee Stage and flag any material drafting changes.

CT Comps Working Group

Tim Hervey & Patrick Kelly, Co-Chairs

Purpose & Focus

The CT Comps Working Group represents BASDA member software vendors in engaging with HMRC's CT Comps programme - the proposed standardisation of CT computation formats, data requirements and digital filing. Its role is to coordinate a collective industry voice, ensure HMRC proposals are practical to build and deliver in software, and feed member concerns into formal consultation responses and direct dialogue with HMRC.

Key Concerns Raised With HMRC

- HMRC's proposed data requirements go well beyond what is needed for CT600 filing, risking major rework, cost and complexity - especially for smaller software vendors and SMEs.
- Draft schedules were developed in silos, leading to inconsistent, duplicated and poorly cross-referenced requirements.
- Unrealistic implementation timelines, with no allowance for specification finalisation, testing, training and rollout (members estimate c.6 months minimum once specs are fixed).
- No published costing or impact assessment from HMRC to justify the scale of change.
- Risk to software market diversity and competition if smaller vendors cannot absorb development costs.

Key Achievements to Date

- Coordinated a formal BASDA consultation response (submitted 2 June 2026) via dual-channel submission (email + HMRC portal), reflecting member-wide input gathered over multiple working sessions.
- Drafted and issued a separate escalation letter to HMRC ahead of the consultation, prompting direct escalation by BASDA's CEO to HMRC's Executive.

- Secured a senior-level HMRC meeting (Director and policy leads) as a direct result of escalation, with further engagement following.
- Influenced HMRC's tone: by mid-June, HMRC representatives acknowledged proportionality concerns and shared anonymised computation examples, evidencing the data-quality issues underlying their small-company tax gap concerns.
- Proposed and gained HMRC interest in a joint half-day workshop to define problems, prioritise use cases and build a shared roadmap, rather than a wholesale redesign.

Current Status

As of June 2026, HMRC has agreed to pause activity on CT Comps during July and August 2026 has while it considers next steps and, in the meantime, is arranging to cancel the July and August Teams meetings to free up diaries for all concerned; the Working Group has paused its regular weekly calls accordingly, expecting to reconvene in around one month, or sooner if HMRC responds. Together with BASDA's CEO and Chair, we will continue to engage in arranging a joint half-day workshop with HMRC.

The Working Group's continued focus is to ensure any future HMRC solution is evidence-led, proportionate, and deliverable for software providers and businesses of all sizes.

If you are not currently a member of this Working Group and are impacted by CT Comps, please email marketing@basda.org to join our calls and WhatsApp channel.

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 LinkedIn for more news, insights and valuable assets about our industry and collective opportunities and achievements.

Warmest regards

Kevin Hart
CEO & Executive Chairperson