

Digital Tools

BUDGET

ANALYSIS

STRATEGY

ACCOUNTING

INFORMATION

EARNINGS

CASH

Digital tools for
accounting,
organisation and
data management.



Forrester Boyd
CHARTERED ACCOUNTANTS

Digital Accounting

"The most productive businesses were the most resilient during the pandemic. They had fewer job losses and were quicker to recover. They switched back into growth mode much quicker than less productive businesses."*

What is the importance of digitising your finances and how can that build resilience into your business and help you to improve productivity?

Whilst MTD might be some time away for you yet, you cannot underestimate the benefits that can be garnered by adopting digital accounting.

By utilising a digital accounting package such as QuickBooks or Xero, you can save time with bookkeeping, invoicing and bank reconciliations, reducing the time spent on admin, allowing you more time to do what you do best.

It not only frees up more of your time but could potentially reduce your bill with your accountant if your records are easier to process.

Add to that a mobile app, where you can issue invoices on the go, even take payments, helping keep on top of who owes you money, why are you not already benefitting from digital accounting tools?

Digital platforms also connect to your bank so you can see at a glance your balance, what's outstanding, what's waiting to be paid and your current annual tax liabilities.



*According to research by the OECD (Organisation for Economic Cooperation and Development) reported by Xero in their business trends analysis.



Benefits

There are several other benefits of using cloud accounting, including:

- Access financial data from anywhere with an internet connection providing real-time data when you need it.
- Cost-effective subscription-based model with lower upfront costs as it eliminates the need for expensive hardware and maintenance.
- Always up to date, ensuring your data is secure and your software is functioning properly.
- Scale with your business as it grows, providing additional features and capabilities as you need them.
- Cloud accounting providers typically invest heavily in security, which can provide better data protection than on-premise solutions.
- Powerful reporting features, allowing you to quickly and easily gain insights into your business.
- Improved accuracy and efficiency, automating manual, repetitive tasks, reducing the risk of errors and saving time.
- Collect, store, and organise financial data in a centralised, secure manner, making it easier to access and analyse, helping you to make more informed decisions and be more responsive to market changes.

2026

why wait ...

Web based accounting software could improve efficiency by 11.8%.

MTD for Income Tax Self-Assessment (MTD ITSA) is going to be a big shift from your current processes. There will be more requirements for you to submit data throughout the year, not just at the year-end so it makes sense to get your paperwork in a format now that will make the transition much easier when it becomes compulsory.

From April 2026, self-employed individuals and landlords with an income of more than £50,000 will be required to keep digital records and provide quarterly updates on their income and expenditure to HMRC through MTD-compatible software. Those with an income of between £30,000 and £50,000 will need to do this from April 2027.

MTD ITSA

What does it mean to you?

The introduction of MTD ITSA will see many sole traders and individuals having to change the way, and frequency in which they update their records.

MTD is HMRC's vision for a simpler tax system. Its an initiative aimed at closing the tax gap whilst ensuring that the flow of information from source records to tax payable is efficient, scalable and reliable. It is a modernisation of the UK tax system.

- MTD aims to reduce errors in tax returns and make it easier to get it right
- Must keep digital records
- Use third-party software to submit returns
- Real time record keeping

For micro businesses, research found web-based accounting software could improve efficiency by 11.8%

Source: <https://www.gov.uk/government/publications/extension-of-making-tax-digital-for-vat/extension-of-making-tax-digital-for-vat>



The key changes



For each of your businesses, you will be required to submit updates at least quarterly and then submit an end of period statement (EOPS).

On 31 January each year, you will also need to submit a single final declaration for all your income.

If you are using compatible software like QuickBooks, it will automate the tasks. This will help to make the Self-Assessment process easier whilst ensuring you're compliant.

MTD ITSA requires that you keep all records of business transactions in a digital format. This means paper records only will no longer be acceptable.

Spreadsheets are acceptable forms of digital records, although software will be required to send updates to HMRC. Date, amount, and tax category as a minimum, must be captured.

HMRC will require that all income and expenditure associated with each type of trade must be identified and recorded separately within your software and this will apply to everyone with a turnover above the VAT registration threshold.

Draft legislation released in July 2022 confirmed that those with a turnover under the VAT threshold, will be asked to submit just two figures to HMRC under the scheme's new quarterly update requirements.

EXAMPLE

- John is self-employed and owns a vehicle recovery business, as well as owning rental properties.
- John will need digital software that is compatible with MTD to record his accounting records and submit his quarterly returns to HMRC.
- When posting his business transactions he will need to make sure that his income and expenses for his recovery business are posted under accounts for recovery.
- As well as then posting his rental income and expenses under separate codes.





How else
can we
help



Forrester Boyd provide so much more than just accounting and compliance services. We offer a business advisory service where we work with you to deliver holistic business support.

You might want to take advantage of our outsourced services, to free up your time to concentrate on your business, or you might need specialist tax advice on things such as R&D tax credits and capital allowances, through to personal tax advice such as on IHT and Cryptoassets.



With 16 partners and over 150 staff across 6 offices, we have experts across a wide range of sectors and service areas to help.

Speak to us today for a free initial discussion about how we could help you.

CONTACT US

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