LITRG: Third party software concern

Briefings



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CIOT’s Low Incomes Tax Reform Group (LITRG) has expressed concern about HMRC’s plan to require taxpayers in the Making Tax Digital programme to complete their Self Assessment tax returns using third party software, making it harder for some unrepresented taxpayers to meet their tax obligations.

Sharron West, technical officer at LITRG, said: ‘Since Making Tax Digital was first announced, we have been clear that HMRC should provide free software, like they do for Self Assessment, rather than rely on third party companies to help people comply with the new record keeping and reporting rules.’

LITRG has pointed out that while HMRC say there will be free software available to meet the needs of smaller businesses, there are currently a very limited number of free packages on the market. Additionally, it is not yet clear what functionality the free products will have, what limitations there might be, and what kind of support will be offered (if any) to users who run into difficulties.

‘HMRC are unlikely to be able to directly support taxpayers with their Self Assessment filing, pushing them towards third party software companies to get the help they need,’ said Sharron. ‘This is unsatisfactory and does not align with HMRC’s charter commitment to support people to meet their tax obligations.’

LITRG has called for HMRC to consider granting more MTD exemptions and delaying the imposition of penalties for late filing or inaccurate tax returns until the system beds in to help those who struggle with the new requirements.