

# Modernising and standardising company tax returns

OMB



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The government is consulting on proposals to modernise and standardise corporation tax computations following the Budget 2025 announcement that computations will move to a prescribed format. The changes aim to improve consistency, reduce errors and enable more efficient processing by HMRC through fully tagged, standardised submissions. The CIOT and ATT have raised concerns about the proposed implementation timescale and the potential disproportionate compliance burden on companies and their agents.

The CIOT and ATT have responded to HMRC's consultation on [modernising and standardising company tax returns](#).

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## ATT response

In its response, the ATT raises concerns that the proposed six-month collaborative development period may be insufficient. It risks limiting the ability to take a holistic view of the full prescription, particularly where different sections overlap. This could result in duplication of requirements or unintended gaps.

The ATT urges the government to keep the implementation timescale under review and to remain flexible where necessary. It warns that revisiting and correcting the final full prescription after its publication, expected in September 2026, could undermine stakeholder confidence and reduce engagement.

While stakeholder co-creation roundtables are welcomed, the ATT notes that their effectiveness depends on how they are managed. Current arrangements risk limiting meaningful participation, with meetings concentrated in the last two weeks of each month and multiple roundtables often being held on the same day.

The ATT emphasises that implementation timescales should take account of wider policy reforms, including the planned introduction of e-invoicing from April 2029. Software providers will need to begin developing solutions well in advance and have software ready early enough to allow taxpayers sufficient time to adopt e-invoicing. As a result, the prescription of corporation tax computations and e-invoicing preparations are likely to overlap. These are both significant and resource-intensive changes for software providers, HMRC, agents and taxpayers, creating a risk that companies may not have sufficient capacity to deliver both effectively and on time.

The ATT supports the use of a live pilot phase but considers that it will need to run for a longer period of 24 or 36 months. While this may appear lengthy, the changes represent not only how data and information are reported, but how they are collected and recorded. A longer pilot would allow companies sufficient time to select and implement finalised software following the test and build stage, and to adapt systems and processes to ensure that information is captured during the accounting period, rather than relying on manual adjustments after the year end. This shift is likely to increase compliance costs and require significant behavioural change.

The ATT further highlights the importance of the proposed approved corporation tax software product list, noting that clear eligibility criteria, transparency and effective communication will be essential. It stresses that early availability of compliant software will be critical to minimise disruption.

The ATT has also raised concerns regarding the proposed enforcement mechanisms, particularly measures that could block submissions or require taxpayers to change software providers at short notice. The ATT argues that this approach could be highly disruptive and costly, particularly where issues arise outside the control of taxpayers or their agents.

While the ATT supports the principle of locking tags within software to promote consistency, it emphasises that this should only be implemented where the tagging framework is robust and fully developed. It also highlights the need for strong testing, ongoing monitoring and clear escalation routes to address issues as they arise.

The ATT supports the move towards mandatory online filing of amended company tax returns but notes that flexibility will be required in cases where taxpayers face software limitations or transitional challenges. The ATT further recommends understanding why approximately 5% of amendments are currently submitted on paper before mandating, to ensure that appropriate support is in place.

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## **CIOT response**

The CIOT's response also set out our concerns that the proposed implementation timetable is too short. We said that the current one-size-fits-all approach does not reflect the complexities and burdens that will arise when the requirements are scaled up across larger companies and groups. We also noted that there is little scope to tailor the computation requirements so that companies do not have to consider parts of the computation that are not relevant to them. We suggested that, while recognising the aims of standardisation, some flexibility is required to ensure a practical outcome.

We encouraged HMRC to seek further input from businesses, particularly large businesses that will face a significant and disproportionate additional compliance burden based on the current direction of travel. The proposed computation requirements would require the reporting of a significant amount of additional information. A greater level of understanding is needed of the process challenges for businesses in extracting information from their various systems and converting this into a prescribed format for reporting.

The CIOT response also said that the proposed pilot period is probably too short. We suggested an initial period of 12 months where participation is voluntary, so that feedback can be gathered and issues identified and resolved. During this period, businesses should be able to fall back on existing methods if there are problems. This should then be followed by a 12-month light touch period where the new format is mandated for all.

CIOT is also concerned about the proposed power for HMRC to block submissions due to software failing to meet standards. Although the intention is to penalise the software provider, there are potentially significant ramifications for the taxpayer and the agent. The consultation document does not set out what the safeguards for taxpayers would be and does not consider necessary safeguards for agents at all.

CIOT are in favour of mandatory online filing of amendments, subject to appropriate exemptions.

After submitting our responses, both organisations were pleased to receive an email from HMRC to those participating in the co-creation workshops stating that they would pause the co-creation activity over the summer in light of the feedback received so far. This will have an impact on the implementation timetable, and updates will be provided in due course. We welcome HMRC's indication that they will use this time to consider issues such as computation requirements that may not be relevant to all companies and the associated reporting burden. We look forward to continuing our engagement with HMRC on this project.

The full CIOT submission is available here: [www.tax.org.uk/ref1649](http://www.tax.org.uk/ref1649)

The full ATT submission is available here: [www.att.org.uk/ref520](http://www.att.org.uk/ref520)

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