



*Briefing Paper*

# The End of an Era for HMRC's CT600 Free Service



## The compliance context

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*What's the alternative? The withdrawal of HMRC's current free corporation tax software means accountants must seek an alternative. This briefing paper looks at the main factors to consider in moving to a commercial solution and reviews some of the options.*

*To date, when filing straightforward CT600 corporation tax returns, agents have been able to use the free service on HMRC's website. That is set to change as HMRC withdraws this service and replaces it with a new, fully online company tax return and accounts filing service.*

This service, Company Accounts and Tax Online (CATO), is intended to make it quicker and easier for unrepresented companies to submit their own annual accounts to Companies House and company tax returns to HMRC.

However, CATO is not available to professionals such as accountants or providers of tax services. In fact, HMRC says these agents were never its intended constituency for the original free online service either. This is in line with HMRC's digital strategy, which focuses on enabling a closer relationship with the individual tax payer rather than their intermediaries.

Agents who have relied to date on this software are now faced with the challenge of finding a commercial alternative. HMRC estimates that around 300,000 agents may be in this situation.

The HMRC service was relatively unsophisticated, basically consisting of downloadable Adobe PDF software to complete with the client's details. But it had the merit of being simple and free. Undoubtedly, choosing a replacement will be a price-sensitive decision, possibly undertaken reluctantly. As a result, accountants will be looking to avoid adding cost and complexity to their practice.

# Beware the headline deadline

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*The decisions around purchasing replacement corporation tax software solution cannot be put on the back-burner for the next few months. You will not be able to use HMRC's current free software for clients' CT600 corporation tax returns for accounting periods ending on or after 1st January 2016.*

This puts a different perspective on the official 31st December 2016 deadline for withdrawal of the service. In reality, the service will still be available only for accounting periods ending on or before 31st December 2015 and where these are filed by the twelve-month deadline of 31st December 2016.

This means that you will have to start reviewing the accountancy software market sooner than you may have expected.

## **Avoid duplicating data entry**

There's a further consideration that adds momentum to the decision-making process: data entry.

Think of the data that you will be collating on your clients over the next few months. If you have to 'hand-carry' it into the new software for CT600 at the eleventh hour, this will be a drain on practice resources. There will also be data from previous years that you will need to collate and enter.

If you buy a proprietary CT600 solution from a software vendor sooner rather than later, you will be able to enter data into the software as you go along.



# Criteria for choosing a CT600 solution

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## **Cost**

We have already noted that in replacing a free service with purchased software, cost is bound to be a consideration. However, think also about the pricing model. For example, would you prefer to:

- Pay an annual licence subscription - this might be better where you have a lot of returns
- Pay as you go for each individual return that is submitted to HMRC - this might be more cost-efficient if you handle a relatively low number of returns

## **Functionality**

Think about your own circumstances, too. What would suit your needs best:

- Will you seek to replace the HMRC service with another, similar form-based solution?
- Would you prefer to take the opportunity to review your practice software and integrate your new CT600 solution with other software, such as accounts, company administration, practice management...?
- Are you already using accountancy software that could be extended with coverage for CT600 completion and filing?

## **On-premise or in the cloud?**

Another question is around the underlying technology: would you prefer to have the CT600 software installed on your practice server or to use a cloud-based option, whereby you can access the software over an internet connection wherever you happen to be working (at home, while travelling, with the client...)? It's a matter of choice; there are arguments in favour of each.

## **Support**

You may wish to consider what added value potential software providers can deliver to help transform a 'grudge purchase' into a move that benefits your practice long term:

- Do they offer technical support - is this free or chargeable and how available is the helpline?
- Are they committed to knowledge transfer through events and online resources?
- Is training readily available?

## **Experience**

While implementing a proprietary CT600 solution may be a new development for your practice, such solutions have been available on the market for some time. Therefore, you should be able to assess:

- Your potential provider's track record in offering CT600 software
- The number of professionals using the software
- How regularly it is refreshed and updated
- The provider's understanding of and compliance with HMRC's requirements

# Your options with IRIS

*Whatever your situation, whether you're a small practice needing a like-for-like alternative to the HMRC free service, or you are keen to harness the advantages of cloud technology or an established practice already using IRIS software, IRIS has a CT600 solution to suit.*

## PTP CT Platform

**An iXBRL-compliant solution for completing your clients' limited company return form CT600 with ease.**

Using PTP CT Platform simplifies the task of completing CT600 forms. It is a full service, including online filing, filing of earlier years and amended returns.

Online filing validation is carried out within the product before submission to HMRC, reducing the risk of the form being rejected. Having adjusted tax computations within the product means there no need to access a separate module or even switch to a different screen. This saves time and effort.

**How to buy:** Purchase an annual licence for multiples of 10 corporate clients.

## IRIS OpenTax

**Everything you require to complete clients' personal, partnership and corporation tax returns quickly and efficiently in the cloud.**

With IRIS OpenTax, you gain the flexibility to work wherever there's an internet connection. Simply launch a browser on a web-enabled device and log in and access the software. It's always up to date, ready to use and secure.

IRIS OpenTax is designed for the modern world of HMRC e-filing. You'll find out instantly if the data you enter will cause the return to fail the e-filing validation checks. It's ideal for forward-looking practices keen to harness the benefits of cloud.

**How to buy:** choose between an annual licence or pay as you go (PAYG):

- The annual licence option offers economies of scale. Choose the number of clients and you're ready to go, with the flexibility to add more clients during the year.
- With PAYG, the software is free and you pay only when submitting a return to HMRC through a simple payment process within the application.

## IRIS Business Tax

**A comprehensive business tax solution that includes CT600.**

With IRIS Business Tax, you can complete tax returns with ease. The software allows you to interactively complete CT600s and edit the CT600 directly from the onscreen preview. Almost no data entry is required as IRIS Business Tax draws the data from the clients' accounts, held in a central database when used in conjunction with IRIS Accounts Production.

IRIS Business Tax prepares the tax computations for limited companies, partnerships and sole traders. Wholly and partially disallowed accounts are flagged within the database and automatically treated correctly. Online filing validation is carried out within the product before submission to HMRC, reducing the risk of the form being rejected.

**How to buy:** Look at IRIS Options, which is priced according to the number of products, clients and users you need. It's easy to add products or users or move up to the next client band (up to 300 clients) as your practice grows.



## In summary...

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Simply looking for a direct replacement for HMRC's free form-filling service?



PTP CT Platform

Interested in using software in the cloud to gain access from any location?



IRIS OpenTax

Seeking to achieve greater efficiencies across your practice by using integrated software?



IRIS Business Tax

# The added value of IRIS

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*Whichever of these three options you choose, you'll have the added advantage of being an IRIS customer.*

This brings substantial benefits, including:

- ✔ **Guaranteed compliance with HMRC requirements** - latest legislative updates are provided every six months
- ✔ **Telephone access to a highly qualified UK-based support team** - IRIS is one of very few software companies to provide service free of charge (please note: fair usage policy applies)
- ✔ **A wealth of online resources** - freely available to users
- ✔ **1GB of free IRIS OpenSpace storage** - streamline and accelerate communications with your clients by using our secure client portal for document exchange and electronic approval
- ✔ **The security of knowing IRIS designs software solely for the UK**
- ✔ **Becoming a member of the IRIS community** - there are over 18,000 UK accountants using IRIS software (over half the market)
- ✔ **An invitation to IRIS World** - an annual series of free events held across the country, sharing updates from IRIS and the accountancy profession

## *The end of an era - a new opportunity for your practice*

IRIS has years of experience in helping practices like yours to comply with evolving HMRC requirements. Talk to us about how we can help you to make a smooth transition from HMRC's current CT600 service and gain greater value for your business in doing so.

With 35 years' experience, IRIS Software Group is the leading provider of business critical software and services to accountants and payroll professionals in the UK.

More than 18,000 accountants and 38,500 small and medium sized companies rely on IRIS every day to run their business.

**IRIS Accountancy Solutions** offers customers the greatest choice of specialist accountancy software and services managed under three leading brands - IRIS, PTP and Drummohr. With 3 million tax returns filed with HMRC and 60% of the top 50 practices as customers, IRIS is the most trusted accountancy software provider in the UK today.

**IRIS SME Solutions** provides payroll technology to over 30,000 SMEs and payroll bureaus. As a leading provider of payroll software, IRIS serves a number of sectors, including 70% of UK GP practices and a growing number of UK retailers. More than 18% of the UK workforce are paid via IRIS solutions.

**For further information** on anything you've read in this document please contact:

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To find out more call 0844 815 5555 or visit **[www.iris.co.uk/CT600](http://www.iris.co.uk/CT600)**

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