XERO LAUNCHES COMPLIMENTARY TOOLS TO HELP BRITISH SMBS DEAL WITH HMRC’S NEW DIGITAL TAX RULE

- With less than a week to go before one of the biggest changes to the UK’s tax system, Xero activates Making Tax Digital for hundreds of thousands of VAT businesses
- 1.1 mil businesses will be affected by HMRC’s new digital tax ruling, Making Tax Digital (MTD), aimed to make tax more efficient, and easier for business
- No upgrade or additional fees required for those who need to get their tax online

LONDON, 26th March 2019 - Xero, the global small business platform has activated Making Tax Digital for VAT for the hundreds of thousands of British small businesses that use it’s platform - to get ready for one of the greatest changes to the UK tax system.

This first stage of Making Tax Digital requires most small businesses above the VAT threshold of £85,000 to keep their accounts digitally and submit their VAT returns using a compliant software provider.

Xero has worked closely with HMRC for over three years, conducting several pilot tests, and gathering feedback from business owners and financial advisors. Xero’s new functionality has gone live in advance of the day Making Tax Digital kicks off: Monday 1st April. This new feature will be complimentary as part of any Xero subscription that supports VAT, at no extra cost.

Damon Anderson, Director of Partner and Product at Xero, said: “Small business owners have a lot on their plate this year. Not only have they got to deal with Brexit, but they also need to start digitising their finances. While this might seem daunting, the good news is that it's simple to get ready for these new rules. Get on top of your finances by getting some good advice and using the right software - and you’ll have nothing to worry about.”

Anne-Marie Simpson, founder of Simpsons Bar in Sutton Coldfield, added: “When we first heard about this new legislation, we were a bit worried about the process. Xero’s new solution for Making Tax Digital makes preparing for the change so simple. Using their cloud accounting software has given us a lot of time back to focus on other areas of the business.”
Features

As well as ensuring compliance, Xero’s products feature a range of built-in features designed to reduce common VAT errors, saving small business owners precious time and money. Recent research from Xero found that common errors and outdated processes have seen two-thirds of SMBs pay tax return fines totalling £1.3bn*.

The new software will allow users to continue using spreadsheets to calculate VAT and keep digital records. These figures are then uploaded directly from the spreadsheet to Xero. From here, users can submit their VAT returns securely and in real-time to HMRC.

This feature will make it easier to comply with these new VAT rules, especially for those businesses that are struggling with the digital switch. Businesses will also find this feature useful if they are using bespoke software that doesn’t support MTD for VAT compliance.

Xero has also added some extra useful functions:

- Knowing when VAT returns are due
- Keeping a history of the VAT returns that have been filed
- Calculating how much VAT is due
- Identifying the method of payment
- Posting VAT returns in real time

How it will work

Users can get become compliant in four simple steps:

1. Sign up to Making Tax Digital on the HMRC website
2. Open up the ‘Accounting’ tab on your Xero account and click ‘VAT return’
3. Hit ‘Set up Making Tax Digital for VAT’ in Xero and then ‘Connect to HMRC’
4. Login to HMRC and click ‘Grant Authority’ to allow Xero to interact with HMRC on your behalf

Those that don’t need to be compliant just yet have the option to turn on the Making Tax Digital functionality later.

-ENDS-
About Xero
Born in the cloud, Xero is a beautiful, easy-to-use platform for small businesses and their advisors. The company has 1.6 million subscribers in over 180 countries, with over 355,000 of those in the UK and a thriving ecosystem seamlessly integrating with 700+ apps. On the inaugural 2018 Financial Times FT1000 High-Growth Companies Asia Pacific list, Xero was the fastest growing tech company in the $200 million+ segment. Xero won the Small Business Accounting, Practitioners’ Choice Award at 2018 Accounting Excellence Software Awards in the UK.

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