

Bridging software and MTD – let's set the record straight

Time goes by, yet many in the accounting software industry and indeed the accountancy profession are dismissing the use of bridging software as an alternative solution to complying with Making Tax Digital (MTD).

So, we want to set the record straight.

Bridging software is a valid solution for MTD compliance

We regularly hear from prospective users that they have heard that HMRC will stop accepting bridging software in the future. Interestingly, it is usually what they have been told when speaking to larger accounting software suppliers! It was particularly prevalent during the rollout of MTD for VAT and is already being mentioned in the context of MTD for Income Tax Self Assessment (ITSA).

We want to highlight the fact that VAT registered businesses and those who will be caught under MTD for ITSA do not have to use “complicated and expensive” software in order to comply with MTD.

HMRC's view

In HMRC's [MTD for Business – Stakeholder Communications Pack \(March 2022\)](#), they repeatedly mention the use of MTD compatible bridging software and how it is a practical option for meeting the requirements of MTD.

Indeed, during a recent conversation with HMRC in January 2023, they said they are updating their technical packs and communications to make it clear that using spreadsheets with MTD compatible bridging software is a viable long term option for meeting the requirements of MTD, be that for VAT or ITSA.

And bluntly speaking, it would be incredibly naive of HMRC to think that landlords and low income self-employed people would be happy to sign up to onerous, complicated and expensive accounting and tax return software in order to comply with MTD.

MTD compliance does not have to be expensive or complicated

Much has been written about businesses having to use expensive and complicated accounting MTD compatible software. However, the aim of any bridging software product is to make the digital filing of VAT returns (and future income tax returns) as quick and simple as possible.

Absolute has achieved this (our customers are constantly telling us so!) and our Excel VAT Filer (EVF) bridging software is one of the easiest and most cost effective pieces of bridging software on the market. Our happy users range from small accountancy practices as well as “one man bands” to multi-national businesses who use EVF. In some cases the latter have their own bespoke VAT software but use EVF to digitally link their VAT information to HMRC.

Purchased by businesses and agents, the simplicity of the product has resulted in it being chosen by over 17,000 users who have so far filed nearly 700,000 VAT returns (figures as of January 2023).

Creating a simple product that costs just £40+VAT for a 12 month licence and can be used for up to 10 traders is why we receive such glowing [testimonials](#) from our users. On top of that, EVF users receive free and unlimited email technical support, and the software includes a built in ‘Knowledge Base’ function which tells you how to fix rejected VAT returns. There is also a client portal which enables you to check and reprint previous VAT submissions, as well managing your EVF licences ahead of their expiry dates.

Plus, unlike other software providers who offered free MTD software and then significantly increased the price at the first renewal, our software has been £40+VAT since we launched it and we have no plans to change this price point.

Making MTD for VAT compliance simpler

Many VAT registered businesses have already subscribed to end-to-end accounting software in order to comply with the regulations. We have spoken to many such businesses who have experienced 'buyers' remorse' having been sold overly complicated and costly accounting packages. They have now moved to using our EVF bridging software, which they find provides a simple and inexpensive way to comply with MTD.

The message is, it's never too late to change and you could save yourself a lot of money, time and effort by making that change to our EVF bridging software.

MTD for ITSA bridging software

On the strength of the success of our EVF software, we are working with HMRC's updated criteria to develop similar bridging software for MTD for ITSA. As with the EVF, our aim is to create a product which is:

- MTD for ITSA compatible;
- Ready for the first phase of MTD for ITSA which comes into force from April 2026;
- easy for agents and individuals to use (particularly those who have never kept accounting records or spreadsheets for their self assessment tax returns);
- capable of providing a digital link to HMRC if the business/landlord uses a bespoke accounts package which isn't MTD compatible;
- does not require additional software to make it work;
- is a low cost alternative to buying end to end accounting software.

More information and register your interest

Further details, including how to purchase our Excel VAT Filer bridging software can be found [here](#).

If you would like to be added to our mailing list to receive further information about our MTD ITSA Filer software, please email Dave Frost at Absolute at dave@absolutetax.co.uk.

And of course, if you have any questions about MTD and the validity of bridging software for VAT or Income Tax purposes, please do get in touch at sales@absolutetax.co.uk.