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MTD: Have You Chosen the --- **Right Software?**

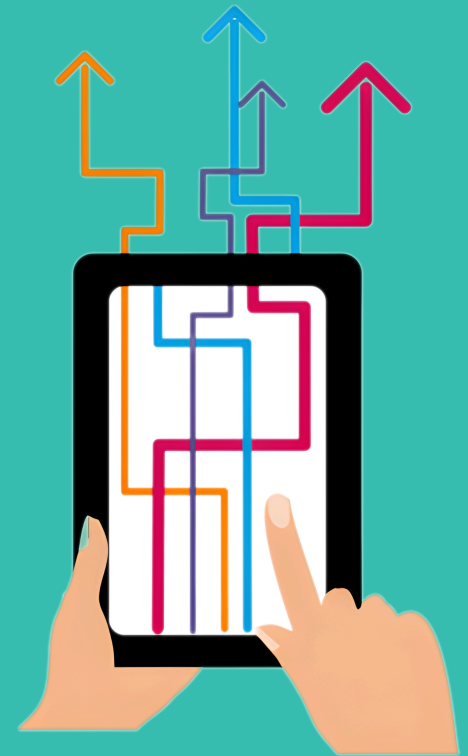


MTD for Income Tax isn't just another admin change.
It's a complete shift in how you keep your records and how you share updates with HMRC through the year.

The good news: with the right software, it can feel surprisingly straightforward.

The bad news: with the wrong software, it becomes a constant battle of missed receipts, messy categories, and "I'll sort it later" panic.

This guide will help you choose a setup that fits how you work - not how a demo video thinks you work.



What “MTD-compatible software” actually means



Before you pick anything, it's worth being clear on what HMRC expects.

Your MTD software needs to let you:

- keep **digital records** of your income and expenses
- send **quarterly updates** to HMRC
- complete the **end-of-year submission**

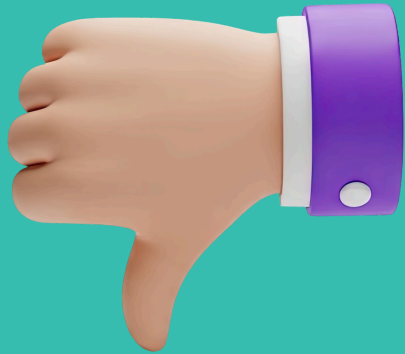
HMRC also maintains a list of compatible software, which is the safest place to check any provider claims.

www.gov.uk/guidance/find-software-that-works-with-making-tax-digital-for-income-tax



Click the link to go to the HMRC website

The real goal: choose software you'll stick with



Most people don't fail at MTD because they're bad at tax.

They fail because their process is unrealistic.

If your software doesn't match your habits, you won't use it consistently and that's when errors creep in and deadlines start feeling stressful.

So while features matter, the biggest question is:

“Will I actually use this every week or month without hating it?”

The **4** Main Software Routes

Choosing MTD software doesn't have to be complicated. Most options fall into one of four routes and the right one depends on how you like to work.

1 Full bookkeeping platforms

A full finance system (bank feeds, categorisation, reporting + MTD submissions).

2 Simple record-keeping apps

Lightweight tools built for sole traders/landlords who want an easier workflow.

3 Spreadsheets + bridging software

Keep records in a spreadsheet, then use bridging software to submit updates to HMRC.

4 Accountant-led solutions

Accountants manage the process with you, so submissions are handled correctly and on time.

Next: We'll break down each route in more detail so you can choose confidently.

1) Full bookkeeping software

This is the “proper system” route. Your bank connects, transactions flow in, receipts can be attached, and the system helps you stay on top of what’s going on.

Best suited to:

- anyone who wants to reduce admin long-term
- businesses with a lot of transactions
- people who want a clear view of profit and tax during the year



Where it can feel like a pain

- there’s usually a monthly cost
- you’ll spend a little time at the start setting things up

Suggested software:

Xero • QuickBooks • Sage



Why clients like it

- bank feeds reduce manual entry
- you can see what’s going on without guessing
- it’s easier to work with your accountant because everything is already organised



*Always check HMRC compatibility before committing.

2) Simple “sole trader style” record-keeping apps

These are designed to keep things light. They focus on the essentials: track income and expenses, keep records tidy, and submit updates.

Best suited to:

- straightforward sole traders and landlords
- anyone who wants something simpler than full bookkeeping software
- people who mainly work from their phone



Where it can feel like a pain

- if your finances become more complex, you may outgrow it
- reporting can be more limited than full bookkeeping tools

Examples of providers that position themselves for this simpler route include **FreeAgent** and **Coconut**.

Why clients like it

- usually quicker to learn
- less clutter and fewer confusing features
- often feels more “guided” than traditional bookkeeping platforms



*Always check HMRC compatibility before committing.

3) Spreadsheets + bridging software

Some people prefer tracking in spreadsheets. That's still possible but spreadsheets alone won't be enough. You'd use bridging software to send MTD updates to HMRC.

Best suited to:

- organised spreadsheet users
- very simple businesses with consistent transactions
- clients who already have a solid spreadsheet process in place



Where it can feel like a pain

- spreadsheet discipline has to be consistent
- manual steps can create errors
- it can become time-consuming if you're doing a lot of checking and correcting

Bridging software providers (such as **TaxCalc's MTD filer** and **123 Sheets**) highlight this as a route for spreadsheet users who still need MTD submissions.



Why clients like it

- familiar
- flexible
- often cheaper

*Always check HMRC compatibility before committing.

4) Accountant-led solutions

Some clients prefer a “done with you” or “done for you” approach, where your accountant manages the submissions and you provide records in a structured way.

Best suited to:

- people with limited time
- anyone who wants the reassurance of oversight
- clients with more complex affairs who want the process handled properly



Where it can feel like a pain

- it can cost more than DIY software
- you still have to provide information (bank access, receipts, sales figures)
- you’ll need a routine so data comes in regularly, not in one go.

Professional suites (such as **IRIS Personal Tax & Capium**) have dedicated MTD submission workflows designed for agents.



Why clients like it

- less stress
- fewer mistakes
- a safer routine

A simple way to choose the right option

Here's a quick decision framework that works well:

If you want the smoothest long-term experience

Choose **full bookkeeping software**.

If you want simple, guided, and minimal admin

Choose a **sole trader / record-keeping app**.

If you're already strong with spreadsheets

Use **spreadsheets + bridging** but only if you can stay consistent.

If you want it managed for you

Choose an **accountant-led approach**.

And if you're not sure, the safest move is to pick the option that reduces manual work.

The features that matter most

When clients compare software, these are the features that make the difference:

Bank feeds and transaction matching

This removes hours of **manual work** and **reduces mistakes**.

Receipt capture

If you can snap a receipt instantly, you won't lose it.

Clear categories and easy corrections

Quarterly updates are only as good as the records behind them. You need a system that makes reviewing and fixing mistakes easy.

Accountant access

If we're supporting you, the right software should make collaboration simple, not awkward

A simple rollout plan you can follow

Choosing software is only half the job. The best results come from a clean setup and a simple routine.

● **Step 1: Pick the software**

Start with HMRC's compatible list to confirm it's genuinely supported.

● **Step 2: Set it up properly**

Connect your bank, set up your categories, and decide how you'll store receipts.

● **Step 3: Run a "test month"**

Put one normal month through it and tidy up anything that feels clunky.

● **Step 4: Build a small habit**

A quick weekly tidy up (even 10 minutes) beats a big monthly scramble.

Want to know more?

Let's talk



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