

# Changes to HMRC's free filing software for company tax returns

Management of taxes

OMB

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HMRC announce new free filing software for company tax returns

HMRC have recently announced that they are introducing new free filing software for company tax returns, known as Company Accounts and Tax Online (CATO). CIOT and ATT have raised concerns with HMRC about this change because agents will not be able to use the service.

We know that some members with small practices use the free HMRC software for their corporate clients. They need to be aware that they will no longer be able to use this after 31 December 2016 and will need to purchase commercial software for accounting periods ending on or after 1 January 2016. Similarly, members who act for small companies (including clubs that are required to file company tax returns) in a 'friends and family' capacity may also be affected.

More generally, we were assured by HMRC that agent access would be preserved as digital changes were introduced across the tax system. So the surprise announcement that agents will be precluded from using CATO is particularly concerning. As mentioned in last month's Technical Newsdesk, CIOT and ATT will be meeting HMRC in the months ahead to discuss digital changes in more detail. We will keep members informed of further developments through our websites and Technical Newsdesk.

HMRC's official announcement on CATO:

'HMRC currently provide free filing software for small companies with simple tax affairs to submit their own annual company tax return and accounts to HMRC and Companies House. Companies House and HMRC are developing a new, improved company tax return and company accounts filing service called

## Company Accounts and Tax Online (CATO).

'This new service will make it quicker and easier for companies to file their own annual accounts to Companies House and company tax returns to HMRC – at the same time or separately. Like the current HMRC free filing software, the new service is designed for unrepresented customers with straightforward affairs.

'CATO is an online service which companies will access using their own filing credentials, unlike the existing HMRC free filing software, which uses a form downloaded from the internet.

'While most agents use commercial software to file company tax returns and annual accounts on behalf of their clients, we are aware that a number of agents use the current HMRC free filing software as there is no restriction on who can download the form. With the introduction of CATO agents will not be able to use this service on behalf of their clients.

'We understand that some agents are concerned about the withdrawal of the free HMRC software and the need in future to use commercial software to file company accounts and company tax returns on behalf of clients.

'The current HMRC free software will continue to be available for accounting periods ending on or before 31 December 2015, and will remain available until 31 December 2016. This allows at least a year for those agents who use the HMRC product to make alternative arrangements as a return for accounting periods ending 31 December 2015 will not normally be due until 31 December 2016.

'A variety of commercial software is available for professional users at a range of prices to suit different filing needs. For example, single use software is available for between £25 and £50 and unlimited use packages for under £250. (So an agent with 25 clients would need to add only £10 each to their bills to cover costs.) Also some commercial software offers much greater functionality than the HMRC product to help agents manage their clients CT returns.

'More information on commercial software suppliers can be found on [GOV.UK](http://gov.uk).

'The UK has a highly competitive software industry that has developed a variety of low-cost products for agents. It would be wrong for HMRC to use public sector resources and expertise to release rival products.

'We want to make agents aware of this change as soon as possible to ensure they have plenty of time to prepare for these changes. We will be using our usual agent channels to do this.'