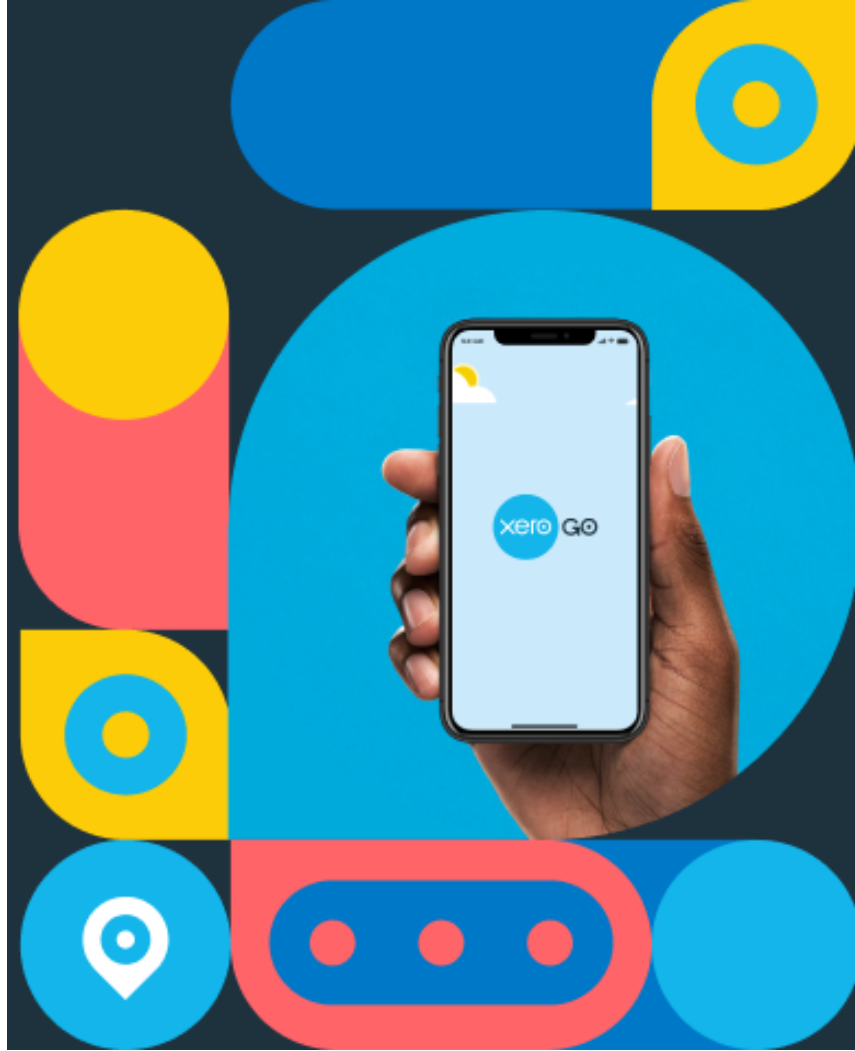


# Xero Go

Helps UK sole traders and their advisors prepare for new digital tax rules by digitising financial admin

As more businesses realise the benefits of digital changes, Xero, the global small company platform, has announced the early availability of Xero Go, a new mobile app designed to help relieve the strain of financial administration for sole traders in the UK.



The app is now available for IOS download, and additional functions will be added in the coming months as MTD and ITSA approaches.

As part of the upcoming overhaul of the UK tax system, Making Tax Digital for Income Tax Self-Assessment (MTD for ITSA), Xero Go will help sole traders streamline the manual, time consuming aspects of online accounting while being self employed

**Making sole traders' lives easier by providing them with the tools they need**

The original software includes two key features: recording expenses and issuing invoices. Sole traders may utilise the Quickscan function to retrieve essential information from a receipt and transfer it into Xero Go for costs. The application's Artificial Intelligence will propose the most applicable tax category, reducing time and perhaps enhancing accuracy over manual expense recording.

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Invoices can also be created, sent, and tracked by users. Invoices can be customised. Sole traders may create an invoice template to use for all invoices, as well as generic payment conditions if needed. Sole traders may also set up payment reminders, and there is currently a connection with Stripe to help with the payment process.

Sole traders may record products and services for each invoice and attach other files, such as a snapshot of the finished job. They can then either submit the invoice to the client or store it to finish later.

Sole traders may browse a list of bills, see which have been paid, and get a monthly income summary.

Sole traders can keep track of their money in one spot. View unpaid or late bills, keep track of who has and hasn't paid, view profit and loss by month, and learn about top spending for the month.

## **Self Employed**

As a result of Xero Go, the self-employed will also be prepared for one of the biggest changes to the UK tax system - Making Tax Digital for Income Tax Self Assessment (MTD for ITSA).

As of April 2024, self-employed individuals earning more than £10,000 will have to keep digital records of their income and expenses and submit them more frequently. Users will be able to capture and track expenses on-the-go and manage invoices with the app.

At tax time, expenses are recorded throughout the year and available in one place, reducing the need to track down missing information.

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# Making Tax Digital for VAT made easy with Xero



## Making tax digital for Sole Traders and Self Employed

As previously stated, the Making Tax Digital (MTD) regulations will be extended to income tax on April 6, 2024. If you are one among the 4.2 million taxpayers who earn more than £10,000 from company and property, you must sign up before the deadline.

Freelancers, construction workers, side hustlers, and landlords are examples of self-employed persons that fit into this category.

VAT registered sole traders will already be familiar with MTD rules. From April 2019, MTD rules became mandatory for all VAT-registered businesses earning above £85,000. From April 2022, all VAT registered businesses will need to keep digital records and submit VAT returns with MTD software

## Sign up for Making Tax Digital for ITSA?

To sign up for MTD for ITSA, you must first have suitable software installed. This is because you must sign up for MTD ITSA using your cloud-based software rather than the HMRC website.

Check that you have HMRC-approved software and ask your software vendor how to enrol in MTD ITSA. To apply, you'll also need your company name, start date, email address, national insurance number, accounting period, and accounting type. For additional information, see HMRC's guidelines on joining up



## What documentation do I need to submit for MTD for ITSA?

Self-employed individuals will be required to keep digital records of their income and expenses beginning on April 6, 2024. You will need to submit three parts for MTD for ITSA:

1. Quarterly updates. All company revenue and expenses should be included.
2. End of Period Statement. Each year, you must submit one of them for each source of income.
3. Final Declaration. This is where you'll need to disclose any extra taxable income, such as investments and savings interest.

On the gov.uk website, you may learn more about what you need to submit for MTD for ITSA.

## Can an accountant sign a sole trader up for MTD for ITSA?

Yes. Speak with your accountant about signing up for MTD for ITSA early so you have enough time to become acquainted with the system.

Your accountant may also use your cloud-based accounting software to transmit quarterly updates, EOPS, and final declarations.

## Calculating income for MTD for ITSA?

All property and business income contributes to the £10,000 threshold.

For example, if you're a freelancer making £8,000 per year from your business and £3,000 from property, you'll be beyond the threshold and must comply with MTD for ITSA.

If you have multiple businesses or sources of property income, you must total your earnings to determine if you are above the threshold.

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### **Is it possible to opt out of MTD for ITSA?**

No. Making Tax Digital is not voluntary if you earn more than the MTD ITSA level of £10,000. People who are digitally exempt, on the other hand, are not required to observe MTD standards. People who are elderly, disabled, or reside in a distant region may fall into this category.

On the gov.uk website, you can request exemption from MTD ITSA.

### **MTD software for the self-employed**

Using ITSA compatible software will enable sole traders and the self-employed to keep digital records of income and expenses and submit their quarterly updates and annual submissions directly from the platform. The self-employed should also look for software with additional features that reduce the administrative burden of digital recordkeeping, like invoicing and expense capture.

### **Is it necessary to register for MTD for VAT and MTD for ITSA separately?**

Yes. The systems are separate, so you may need to sign up for both. Some sole traders will need to sign up for MTD for VAT and MTD for ITSA, whereas others will only need to sign up for MTD for ITSA.

### **How should I prepare for MTD for ITSA?**

Make sure you have MTD for Income Tax compliant software and are signed up for MTD for ITSA before April 6, 2024.

Sign up early as possible, or speak with your accountant about MTD for ITSA. The more time you invest learning new digital technologies, the smoother the move to Making Tax Digital will be.

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