

Date: 07 April 2022

Title: Report Item 9 – Council Accountancy Software

By: K Larkin (Parish Clerk)

Purpose: To recommend the purchase of accountancy software

Recommendations: To note the report and approve the purchase of software at a start-up cost of approx. £650 plus VAT

Until 1st April 2022 it has been possible to send VAT returns to HMRC by collating VAT information manually from the council's in-house Excel accounting package, but from 1st April 2022 that will no longer be acceptable. HMRC is introducing a new Making Tax Digital (MTD) regime, which requires VAT returns to be collated digitally and sent to HMRC without manual intervention. For this to happen, new API (Application Programming Interface) software is required to capture business transactions digitally and calculate the summary to report to HMRC. The reports will be in the same summary format as before: the VAT portal will not have changed. In that sense the council will remain in control of sending its return. .

Strictly speaking the parish council does not have to be registered for VAT, as it hardly makes any sales (just a few pavilion hires) and the threshold for compulsory registration is £25,000pa of sales. However, the parish has been voluntarily registered for VAT since 2008, and it must be doubtful whether HMRC would approve of de-registration in order to avoid Making Tax Digital (MTD). The clerk has attended an HMRC webinar which made it clear that although exemptions are possible they expect 'reasonable effort, time and cost' to be put into the installation and use of MTD enabled software.

In theory free API bridging software is available, but the experience of other parishes with higher turnover, where MTD is already compulsory, is that the free software is clumsy and not user-friendly. It may therefore be time for the council to purchase a sector-specific accountancy package which is already API enabled.

Advice has been sought from the SLCC and the council's Internal Auditor. There are three accountancy packages which are sector-specific, namely Rialtas, Scribe and AdvantEDGE. Of these, Rialtas and Scribe receive the most commendations on the Clerks' Forum, and are the most used.

Rialtas has quoted £650 plus VAT for their Alpha package (suitable for smaller parishes) in the first year and around £200pa thereafter, depending on whether the council wants one person to be the user or to have up to five users. There is a budget of £750 for office equipment in 2022/23, which could be used, though there could also be a need to purchase a new laptop for the Admin Officer during this financial year. Contact has also been made with Scribe, who have not yet quoted. It is

hoped that comparative figures will be available at the council meeting. Both companies have offered free demonstration sessions which are being fixed for 4th and 5th April.