

NOVEMBER 2024

PREPARE YOUR PRACTICE FOR 2025: 4 TIPS FOR A SMOOTH TAX FILING SEASON

Tolley report: Prepare your practice for 2025





FOREWORD

The tax year-end is often a blur of long working hours and tight deadlines. This guide shows you how using cloud-based software to its full capacity can make tax season more manageable.

We explain how software like [Xero Tax](#) gives you greater control and enables you to complete compliance tasks more quickly, accurately, and with less manual admin.

Our latest updates make Xero Tax even better placed to support you through the next tax year. Learn how the addition of partnership tax will mean even more of your clients can be supported through tax season on Xero.

Following the holiday season, accountants and bookkeepers are quickly gearing up for the self-assessment filing deadline. Coupled with the annual accounts deadline for most companies, the beginning of the year isn't always smooth sailing.

It's not uncommon for accountants and bookkeepers to work long hours during tax season, and many admit it's their most challenging time. Back in 2022, a study by CABA identified that [55% of accountants](#) suffered from stress and burnout, with 87% citing heavy workloads as the reason. More recently, CABA reported [increasing demand](#) for their services as more accounting professionals seek mental health support.

The pressure on accountants will only increase in the coming years. With the first phase of [Making Tax Digital \(MTD\) for Income Tax](#) due to begin in 2026 and software-only filing for [Companies House](#) on the horizon, practices might need to rethink their processes and workflows. For how Xero can support you with MTD for Income Tax, see our [latest blog](#).

Thankfully, accountants and bookkeepers now have [cloud accounting software](#) and improved automation features at their disposal. Software such as [Xero Tax](#) offers an end-to-end accounts production and tax solution. You can easily prepare and file sets of accounts and tax returns using the core data from Xero bookkeeping software. Compliance tasks can be spread across the year and jobs delegated throughout your practice.

In this guide, we look at how the right software can make your tax filing season run more smoothly.

1. CENTRALISE DATA AND COMPLIANCE TASKS WITH A SINGLE PLATFORM

Many accountants and bookkeepers rely on multiple applications and systems in their practices. This disconnected approach can lead to duplicated tasks – where the same information needs to be typed into multiple systems. And it's much harder to judge the amount of work, how long it takes, and the profitability when platforms aren't connected.

Xero provides an end-to-end solution, meaning you can take care of all tasks in one place – from day-to-day bookkeeping, to HMRC and Companies House submissions.

With Xero in your practice, you can:

- Access bookkeeping, tax, and practice management features in one place
- Automatically populate company accounts and returns using client data from Xero bookkeeping, speeding up account preparation
- File accounts and returns directly from Xero Tax to HMRC and Companies House, without switching between multiple platforms
- Easily make adjustments at the end of a tax filing period with automatic final tax journal calculations posted back to the books
- Send accounts, tax returns, and other documents to clients for signing electronically
- Spread compliance work across the whole practice (and tax year) with customisable access and permissions, and unlimited users available at no extra cost.

The majority of practices report that their [client services have improved](#) since adopting cloud-based software. Practices cite more positive client relationships, more time to meet broader client requirements, and a better understanding of client needs.

For Sach Yadav, Founder of [Pennyhills](#), Xero Tax has shaved time off manual data entry:

"The major benefit is the way that the data flows in from the underlying records," says Sach. "So if something's not right, you change it in the underlying record and then just reload and it all flows back in. That's a huge saving of time."

Our [latest product updates](#) mean you have even more tools to manage practice, staff, client, and compliance work. With the addition of partnership tax coming soon, you can use a single piece of software to file for a wider range of clients.

Where you require extra functionality, Xero has a growing ecosystem of [integrated apps](#) that can be tailored to your industry, business function, and users. [Hubdoc](#), for example, allows clients to snap a photo of their bills and receipts, and email them to their Xero organisation. Transaction details are automatically extracted and captured in Xero, so there's no need to type them yourself.

With a suite of features in Xero and added app integrations, you can handle all of your data and tasks in one connected system.

2. ADAPT TO REGULATORY CHANGE

Xero helps you take new legislation in your stride, allowing you to shift seamlessly to new ways of working.

Over the coming years, accountants and bookkeepers will need to adjust to various legislation and industry changes:

- Software-only filing requirements for incorporated businesses are expected in the next few years, as part of [Companies House Reform](#). Already, increased powers for Companies House to query and challenge information on the register have been introduced.
- The SME scheme and RDEC scheme were merged in April 2024. Separately, more R&D-intensive SMEs are likely to be eligible for relief now that the threshold has dropped from 40% to 30%.
- As part of [Basis Period Reform](#) unincorporated businesses are now required to report on profits generated in the tax year, instead of using the accounting year basis. Some clients will have chosen to keep their unique accounting date, which means you might need to produce multiple sets of accounts for each client, every year.
- Finally, the first phase of [MTD for Income Tax](#) comes into place for sole traders and landlords with turnover above £50,000 in April 2026. Practices and clients will need to familiarise themselves with cloud-based software in 2025, ahead of the start date.

Alongside legislative change, technological advancement will also affect how practices operate in future tax seasons. Take our AI-powered business companion – Just Ask Xero (JAX) – as an example. When available, you or your clients will be able to assign simple tasks to JAX, such as paying a bill or chasing up an invoice, without needing to access Xero software. By taking care of the admin, JAX will enable you to work more closely with clients and deliver high-value human-led services.

In the past, changing regulations could require new software or costly add-ons. Updates to Xero products happen automatically, so you don't need to download or install anything manually. Training the team is faster and easier with a single software package in place, too. You'll be able to onboard new hires and upskill team members in no time.

3. STREAMLINE COMPLIANCE PROCESSES FOR A SMOOTH YEAR-END

Brilliant accounting teams are held back when compliance processes are slow, unreliable, and inconsistent. Xero Tax frees up time in your practice by providing you with standardised workflows that simplify regular tasks and maintain accuracy.

Our tax solution is directly connected to your clients underlying Xero bookkeeping data. Instead of typing information in several separate systems, changes made in Xero bookkeeping are reflected in Xero Tax – and vice versa.

"I'm not having to manually enter a lot of information I've already done once. Having this one-stop shop makes the whole process that much more streamlined and time efficient. I estimate I'll spend 20 to 30 minutes getting a tax return done now."

Andy Housley, [Square 1 Accounting](#).

Our most recent updates to Xero Tax ease the compliance burden further. With partnership tax soon available, you'll be able to serve even more of your client base with Xero. Client data flows through to partnership tax returns, and you can validate submissions with Xero and HMRC to reduce the risk of filing errors.

And it's never been easier to keep on top of client obligations with our Tax manager in [Xero HQ](#). You get a real-time view of company tax, company accounts, personal tax, and VAT obligations which means you can clearly see what's coming up, in progress, and due.

4. SHARE THE WORKLOAD WITH COMPLETE OVERSIGHT

Practice staff need to collaborate and delegate effectively to get tax returns and sets of accounts over the line in time for impending submission dates.

Because Xero is cloud-based, with unlimited users, you can collaborate with coworkers in real-time, resulting in increased productivity and faster turnarounds for client requests.

Our [2023 accounting and bookkeeping industry report](#) found that with cloud software:

- 52% of practices reported time savings on manual tasks
- 44% of practices have more time to spend on billable tasks
- 52% of practices have more time to focus on practice growth

Your team will feel the benefit of simple tax software, too. Xero Tax provides a step-by-step workflow that guides users through the accounts and tax process. The intuitive design makes it easy for your team to pick up processes without the need for intensive training.

Given the hiring challenges in accounting, modern software can ease the burden on practices by automating repetitive admin and enabling staff to focus on more fulfilling tasks. Practices using Xero for bookkeeping, accounts production, tax, and practice management report higher job satisfaction (75%), compared to non-Xero users (54%). Cloud-based software also makes hybrid or remote work possible for your practice, and could help you achieve a better work-life balance.

Scott Davenport, Tax Director at [Davenports Group](#), found that when it came to completing clients' personal tax returns, most of the workload fell to him. *"I'd have to do it all myself because the system we were using wasn't very intuitive. You'd really have to know where things were going and how to set things up in the software."*

"The first thing the other companies would want is a large fee again for another licence so invariably it never seemed to happen." As Xero Tax is available at no extra cost, Scott could quickly onboard the rest of his team. *"With Xero Tax I can give simpler tax returns to another member of my team, they can put these into Xero Tax, and I can just review them,"* he says.

"That then frees up time to do more consulting and forecasting work with my clients, to better support them in moving forward."

Using work management software to track time spent on tasks, he's already seen significant benefits. *"I get the feeling we're saving about 50 to 55% of our time using Xero Tax compared to the software we used before. I think anyone who tries it will see the benefit of Xero Tax."*

Xero Tax helps you maintain accuracy and quality across the team. The validation system highlights any known errors or potential issues that could result in a rejection or enquiry from HMRC.

There's a live test ability that allows you to submit files to the Live Gateway, without updating HMRC systems. And the comparatives tool means you can see the previous year's figures alongside the current year's with the click of a button, which supports early filing and cash flow planning.

With Xero Tax, practices can spread workloads during the busy tax season, upskill junior staff, and reduce bottlenecks in the accounts production process.

BE READY FOR WHAT COMES NEXT

Xero sets you up for compliance with new regulations ahead of the deadlines, while progressing your digital journey.

Between the new [Basis Period rules](#) for unincorporated businesses, the first wave of [MTD for Income Tax](#), and ongoing [Companies House reform](#), practices have plenty of changes ahead of them.

The new rules will mean increased reporting volume throughout the year and time spent [educating clients](#) on what the changes mean for them. Now is the time to [prepare both your practice and your clients](#).

"I love the fact that Xero is thinking ahead and there is often a solution to these things quite a long time before it's legally required."

David Munro, Managing Director at [Munro and Partners](#).

By joining the [Xero Partner Programme](#), you can easily streamline your clients' compliance obligations, access data across Xero and Xero Tax, and create and file accounts and tax returns.

Making sure practice data and client records are safely migrated to a new system can be a worry, but [Xero's data migration service](#) takes care of the heavy lifting. Plus, our [partner consulting team](#) can give you personalised support in developing the best processes for your practice.

"I downloaded all the clients, put them on a spreadsheet, and sent them to the team at Xero who imported them all for me, and then they appeared on our dashboard."

James Pullein, Founder of [Hunter Gee Holroyd](#) (HGH).

CONCLUSION

Xero, together with Xero Tax, can help make tax filing season more manageable for your practice, and lighten your workload throughout the year. With less time spent on repetitive admin and data processing between systems,

you're more available for your clients and can provide high-value services. Embracing cloud-based software is a good way to prepare for 2025 – not just simplifying the tax season, but day-to-day practice life as well.

[Learn more about Xero Tax](#) or read through our case studies below to see how the software has helped accountants and bookkeeping professionals.

CASE STUDIES

MUNRO & PARTNERS

File early and often



David Munro

Munro and Partners is a Surrey-based business established in 2011, specialising in the creative, professional, and software sectors. The business also serves a range of business and individual clients across other industries.

The business adopted Xero within a year of starting and aims to be a Xero-only practice. As soon as the business adopted Xero, its employees saw the benefits of moving away from Excel and desktop-based software.

"We are very happy to move away from that previous software because it is costly and the biggest problem is that it is not online," says David Munro, Managing Director at Munro and Partners.

Their decision to use Xero Tax for accounts production and tax was based on its cost-effectiveness, seamless integration, and increased job visibility across the five-person team. *"What excited me was the potential to have everything in one place,"* says David. Xero Tax's efficiencies and streamlined workflows have enabled the business to file ahead, and save time. This has helped them to provide a superior service to clients and support them with advice around cash management relating to taxes owed.

David says: *"My plan from next year is to be able to give people their tax returns within three months of the tax year-end, and in the future within one to two months. That way people get their information way before they need to pay their tax and can plan their cash."*

His advice to others seeking to streamline accounts and tax is to *"use Xero Tax and plan ahead of time to spread your tax returns across the year rather than put yourself and your clients under massive stress."*

DAVENPORTS

Lighten the workload by integrating an end-to-end solution



Scott Davenport

Davenports Accountancy, founded over 20 years ago by Scott Davenport with partner Jason Davenport, has enjoyed a period of rapid growth.

To continue this growth, Scott and the team needed a software solution that was forward-looking and continuously evolving. Three years ago, they adopted Xero and migrated across all of their clients.

Scott explains that the solution is also helping educate other members of the team about personal tax returns: *“Xero Tax is enhancing the team’s knowledge of personal tax, offering a less time-consuming alternative to taking a formal course.”*

With Xero Tax, data flows between your clients’ books and accounts through to their tax returns, cutting back on time-sapping manual tasks as well as reducing errors.

Scott explains, *“I know when I correct something in Xero it will then match the accounts. Whereas before I might have changed it in one piece of software and forgotten to change it in the other. The more things that can link together, the less I or someone else has to re-key it, and the less chance of it being re-keyed wrong.”*

Scott predicts filing clients’ personal tax returns will be a much quicker process from now on – helped by the fact that Xero Tax connects easily with other parts of Xero to create a seamless end-to-end experience.

Using work management software to track time spent on tasks, Scott says, *“I get the feeling we’re saving about 50 to 55% of our time using Xero Tax compared to the software we used before. I think anyone who tries it will see the benefit of Xero Tax.”*

SQUARE 1 ACCOUNTING

Moving personal tax to the cloud



Andy Housley

Chesterfield-based sole practitioner Andy Housley comes from a background in IT and formerly had his own printing business. While running his printing business, he began doing his own books and realised he had a knack for numbers, so retrained as an accountant. He started Square 1 Accounting in 2008 and has built up a broad client base. He prides himself on providing a personal service and one-to-one support.

Square 1 Accounting has been using Xero Tax for company accounts and tax for a while, but until recently, the team were still conducting personal tax assignments via a desktop product. This was frustrating and inefficient for Andy as he had to extract information from Xero’s bookkeeping product and input this into his desktop software. *“It was a big manual process that was clunky and not very intuitive,”* he says.

Additionally, the licence fee for his desktop personal tax product was so expensive that he split the cost with another practitioner. Since taking on Xero Tax for personal tax he’s found its cloud nature and integrations with the rest of the Xero product suite have boosted automation and reduced the time it takes to complete tax returns.

“I’m not having to manually enter a lot of information I’ve already done once. Having this one-stop shop makes the whole process that much more streamlined and tax-efficient. I estimate I’ll spend 20 to 30 minutes getting a tax return done now.”

He thinks it’s a no-brainer for practices to use Xero Tax for personal tax if they’re already using Xero for bookkeeping.



Xero empowers practices to improve efficiencies and make a real difference to their clients’ businesses. If you’re an accountant or bookkeeper, join the [Xero partner programme](#) and access Xero Tax at no extra cost.

You’ll get the tools, resources, and dedicated account management to help get your practice and clients set up for success. Visit www.xero.com/uk/xero-tax to get started.

