04 June 2026

Call for Evidence: Business Systems Integration

Response from ICAS

Modernising and standardising company tax returns

1. The Institute of Chartered Accountants of Scotland ('ICAS') is the world's oldest professional body of accountants. We represent over 24,000 members working across the UK and internationally. Our members work in the public and not for profit sectors, business and private practice. Approximately 12,000 of our members are based in Scotland and 10,000 in the rest of the UK.

2. The following submission has been prepared by the ICAS Tax Board. The Tax Board, with its five technical Committees, is responsible for putting forward the views of the ICAS tax community; it does this with the active input and support of over 60 committee members.

3. ICAS has a public interest remit, a duty to act not solely for its members but for the wider good. From a public interest perspective, our role is to share insights from ICAS members into the many complex issues and decisions involved in tax and regulatory system design, and to point out operational practicalities.

General comments

4. We welcome the opportunity to respond to the HMRC and DBT Call for Evidence: Business Systems Integration

5. It has been expressed to us, that in theory, integration of business software should make sense and work well. The practical reality is often very different.

6. We believe that this call for evidence is important as a mechanism for HMRC to gather evidence from practitioners who undertake the practical work to integrate business systems and understand its real-life consequences in terms of time and cost, alongside information on the theoretical advantages provided by commercial software providers.

Specific Questions

Question 1: Are you responding to this survey as:

- a business (including sole traders)
- a tax adviser (such as an accountant or bookkeeper)
- a software and/or business systems provider
- **an organisation (such as an industry body, trade association)**
- other (please provide details)

Question 2: Are you based in the UK?

Question 3: What sector does your business operate in?

Question 4: How long has your business been trading?

7. The Institute of Chartered Accountants of Scotland ('ICAS') is a professional body of accountants, based in the UK since 1854.

8. We have provided responses to selected questions as appropriate for ICAS.

Questions 5 to 26

We do not have a response to these questions.

Question 27: What behavioural factors do you think could discourage businesses from integrating? (such as perceived difficulty, uncertainty towards change, concerns about data privacy or security)

9. We have been made aware of software providers upgrading software to make corrections during the relevant tax period (eg payroll) which causes problems for taxpayers and advisers having to implement new (often more expensive) software mid-year.

10. We have been made aware of difficulties caused when taxpayers, using more than one software provider, experience problems in how the two software products interact with each other and the two providers engage in a 'blame game' as to the cause of the problem or refuse to co-operate to solve the problem. As the use of technology expands and evolves into the future, integration of business software will be more challenging unless there is a mechanism, whether through regulation or otherwise, to ensure that software providers do not conduct themselves in this, or other ways that create adverse impacts on taxpayers attempting to create efficiencies for their business and to comply with their obligations.

11. We have had a view expressed to us that in some cases, software tools are marketed really well, however support from the provider once these are operational can be poor.

12. Concern has been expressed to us that the lack of independent regulation of the software market places taxpayers, their advisers and their data exposed to risk.

Question 28: What technical challenges do you believe might prevent or discourage businesses from integrating? (such as compatibility, accuracy, data privacy or security)

13. We have been made aware that a lack of accounting knowledge in software providers can cause difficulties when integrated software stops working and that in the majority of cases this is not picked up until an accountant is involved in the review of outputs. For example, the software randomly stops recording sales for a period and despite integration, there is no software generated error to flag this.

Question 29: What financial barriers do you believe might prevent or discourage businesses from integrating?

14. We have been made aware that increasing costs of software products create additional challenges for businesses in general terms, particularly when a software provider upgrades their product with the result that taxpayers have to upgrade to more, sometimes significantly more, expensive products.

Question 30: Are there any other barriers you think might prevent or discourage integration?

15. We believe that business software integration, once set up can provide advantages for the business, however in the case of smaller businesses, the time to requirement to implement the fully integrated position can be disproportionate in terms of the efficiency gains realised. Often the time estimate to complete the full integration can be seriously understated by software providers. The reality, being a much longer time period to complete the integration, can be time consuming and frustrating for the business and distract/divert them from other important work.

16. For small businesses the time spent on integrations can be disproportionate to the benefits/efficiency that can be achieved – often it's simpler to download a CSV file from one app and then upload the necessary data from the CSV or via a journal entry

Question 31: Are there any integrations that would benefit your business/clients/members that are not currently available?

17. We do not have a response to this question.

Question 32: What could be done to make integration of business systems better for small businesses?

18. We do not have a response to this question.

Question 33: Is there anything else you want to share about your experience with integrating systems?

19. We have been provided with an example of challenges with the provision of net rental income by booking platforms used by clients renting out properties. The absence of the ability to integrate gross data and expense deductions (eg commissions etc) directly between the booking platform and cloud accounting software results in a time-consuming, manual process of extraction of reports from the booking platform, grossing up figures and making adjustments for advance deposits, often involving journal entries, in order to calculate accurate figures of income for tax purposes.

20. We have been provided with an example of a very IT literate client, enthusiastic about the integration of as many of the IT apps into the accounting software as possible. This resulted in a number of problems, with the output from the accounting software requiring a lot of work to tidy up to enable the accounts to be prepared.

    The client then attempted to streamline the process by removing some of the integrations where possible, minimising the number of apps being used. The result was that the initial objective of the integrated system was not possible and a number of workarounds were required. The client is still working through a phased process of testing and ensuring the integrated pieces are working correctly before proceeding further.

    We understand from the member advising this client that these are issues typically found in practice that may not be considered when looking at the theoretical application of Cloud accounting integration.

Questions 34 - 49

We do not have a response to these questions.

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