Bright

Simply brilliant software



MTD ITSA and the impact on accountants' pricing models

We don't need to tell you that Making Tax Digital for Income Tax Self Assessment (MTD ITSA) is set to bring one of the biggest changes UK accountants have seen in years. If you work with sole traders or landlords, you'll soon find yourself managing new workflows, digital requirements, and more client touch points throughout the year. In other words, your day-to-day is about to get busier - and your pricing model needs to keep up.

In this whitepaper, we'll walk you through how MTD ITSA could affect the way you charge for your services. Whether you currently bill by the hour or offer fixed fees, we'll look at practical things to consider, and identify strategies that can help your firm adapt and grow. Rather than looking at MTD ITSA as a regulatory headache, we'd like to suggest, instead, that it offers a smart commercial opportunity.



What is MTD ITSA and when is it happening?

First, a reminder: MTD ITSA is part of HMRC's ongoing plan to modernise tax reporting in two ways: making it more digital, and making it more frequent. MTD ITSA will start with sole traders and landlords earning over £50,000 from April 2026, and those earning over £30,000 from 2027.

What does it mean in practice? In real terms, the introduction of MTD ISTA means that, instead of one tax return a year, your clients will need to submit income and expenses each quarter, using approved software.

For you, that means more regular check-ins with clients, more admin, and more time spent reviewing records. It also means making sure both you and your clients have the right technology in place to support you. And finally, it opens the door to real-time advice, better client relationships, and potentially more revenue - if you're set up for it.

Why should MTD ITSA make accountants rethink pricing?

Let's be honest - quarterly reporting changes everything. What used to be a once-a-year job now requires your attention year-round. That means more work per client, even if each individual task feels small.

You'll also need to spend time helping clients get set up with digital tools, training them on how to keep records properly, and troubleshooting issues. It's all valuable work - but if it's not priced properly, it can eat into your margins.

Add to that the risk of hidden admin time and scope creep (you can already picture the calls from clients who've forgotten what their new requirements are, or how to use their tech properly), and it becomes clear: it's time to rethink how you charge.

Common pricing models used today

Today, most accountancy firms rely on a mixture of one or both of the following pricing structures, regardless of their shape or size:

- **Hourly billing:** A flexible option for clients, but unpredictable and sometimes hard to justify if costs clock up.
- **Fixed fees per service:** Easier for clients to understand, but risky for your firm if the workload grows or becomes unexpectedly challenging.

Neither approach is perfect, but most firms have found a way to make the above models work for them and their clients. MTD ITSA, though, puts both of these traditional models under pressure.



How MTD ITSA challenges traditional pricing models

When you're handling lots of small, regular tasks, hourly billing can become messy. And if you're offering fixed fees? Your charge might not account for all the new bits and pieces you'll now be expected to deliver.

There are some things we know to be true about the introduction of MTD ITSA:

Firstly, with quarterly deadlines, you'll be juggling a bigger volume of smaller jobs. That's tricky to manage under traditional pricing methods - and potentially harder to explain to clients who might not immediately see the value.

Secondly, you'll also want to automate as much as possible to stay efficient, but that takes investment and planning.

And while some clients may welcome digital change, others will need more hands-on help, needing to be guided through new software or processes, which adds time.

Ultimately, you've got to strike a balance: pricing that reflects the true scope of your service, rewards efficiency, and keeps clients on board.





How can accountants get more innovative with pricing?

The good news is that MTD ITSA presents your firm with a chance to modernise your pricing model and make it work better for everyone. The exact structure, or structures, you decide on will depend on the nature of your work and clients, but some useful options to consider could be:

- **Subscriptions or retainers:** Predictable monthly fees in exchange for year-round support. Ideal for spreading the cost and building deeper relationships.
- **Bundled packages:** Allow you to combine common services like bookkeeping, submissions, and software support. Clients see the value more clearly, and you get paid for the full scope of work.
- **Tiered pricing:** After assessing your portfolio, categorise your clients: charge more for those with complex needs or less digital confidence, and reward those who are easier to work with.
- **Make the most of automation:** It almost goes without saying, but automation is your key to efficiency (and that's been true pre-MTD, too). Streamline your workflow, then pass on some of the time savings without losing profitability.
- **Frame compliance services as a gateway:** Your clients likely know they need your help to stay compliant, but they might not be aware of the value you can add by layering advisory services on top. Think of compliance as the front door.

How to review and evolve your pricing strategy

Once you've decided that MTD ITSA presents a good opportunity to review and potentially reframe your pricing model, there are a few steps you'll need to take to make the decision that's best for your firm.

Not sure where to start? Here's a simple roadmap:

1. Audit what you're currently charging

Take stock of your existing pricing structure and how it aligns with the actual time and resources you're using. Are you consistently underpricing particular services? Do you have clients where the scope of work has crept over time without a fee adjustment? Pinpointing these areas will give you a clearer picture of where your margins are under pressure.

2. Segment your client base

Not all clients are the same, and MTD will affect them in different ways. Try grouping them by the complexity of their affairs (e.g. number of income sources, size of business) and their level of digital readiness. A landlord with a single property and cloud software will likely need much less support than a sole trader juggling multiple income streams and Excel spreadsheets.

3. Estimate your future workload under MTD

Think ahead to the extra tasks MTD ITSA will bring - quarterly submissions, data reviews, client queries, software troubleshooting. How much time do you expect each segment to require? You can use this to build more accurate pricing tiers that reflect the real effort involved.

4. Explore and model new pricing options

Play with the numbers. Would a bundled package provide better value for both you and your client? Could a subscription model smooth out cash flow and reflect the more regular service delivery? Try building a few test models and assess their viability against your client segments and expected workload.

5. Create a communication plan

Once you've settled on a new approach, think about how you'll introduce it to clients. Transparency is key - explain the changes, why they're necessary, and how clients can benefit. For example, highlight how improved record-keeping or using cloud software could reduce their fees in the long run. Provide plenty of notice and be open to conversations - this isn't just a pricing change, it's an opportunity to reinforce your value.

Pricing strategy review checklist

Once you've taken the above steps, use this quick checklist to sense-check your approach:

- Have I reviewed my current pricing and identified where time and scope are under- or over-accounted for?
- Have I segmented my clients based on complexity and digital readiness?
- Have I estimated how much time and resource MTD ITSA compliance will require across different client types?
- Have I tested new pricing models (e.g. bundles, subscriptions, tiers) for viability and appeal?
- Have I created a clear communication plan to explain changes to clients and highlight the value they'll receive?
- Am I using available tools and software to streamline processes and reduce admin time?
- Have I positioned these changes as part of a wider move towards becoming a more proactive, tech-savvy adviser?

Tick these off and you'll be well on the way to a pricing model that supports your firm's growth and your clients' needs under MTD.



Client communication & managing perceptions

Pricing changes can feel tricky - but with the right messaging, they can actually build trust. It all comes down to the way you communicate the changes with clients: leading with the value your new way of working will bring to them now that MTD ITSA is in place.

When it comes to talking to your clients, you might want to consider:

- **Educating and informing:** Use Bright's MTD Hub and client resource packs to walk clients through what MTD means for them.
- **Focus on value:** It's not just about ticking HMRC's boxes. You're helping clients to stay compliant, stress-free, and better informed.
- **Offer tips to help manage fees:** Like encouraging better record-keeping or switching to digital tools.
- **Show your tech-savvy side:** Position yourself as a modern, forward-thinking adviser. Clients will appreciate your proactiveness.





MTD ITSA as an opportunity for change

MTD ITSA is more than just a regulatory shift - it's a chance to reshape how you work and how you're paid. Yes, it brings challenges: more frequent reporting, increased admin, and a heavier workload. But it also brings the opportunity to modernise your practice, streamline your processes, and build stronger relationships with clients.

By reviewing your pricing strategy now, you can avoid firefighting later. You'll be better placed to deliver value, protect your margins, and help your clients make the most of this digital transformation. And most importantly, you'll show your clients that you're not just keeping up - you're staying ahead.

At Bright, we're here to support you every step of the way. With MTD-ready software, helpful tools, and practical resources for both you and your clients, we're committed to helping you make the transition to MTD ITSA confidently and successfully.

Bright

Bright is here to help

At Bright, we're committed to supporting our users through the Making Tax Digital transition. Our development teams are actively working to ensure our products are fully MTD for ITSA compliant, so you can manage your clients' records and submissions with ease.

To receive updates on Making Tax Digital for ITSA — including published resources and product developments — directly in your inbox, please fill in your details below.

Stay informed

400,000
Businesses using Bright products

98%
Bright customer satisfaction rate

30+
Years' industry experience



Bright

Simply brilliant software

www.brightsg.com