



# How to price MTD services for your accounting practice

# Mastering MTD pricing

**Changes to the UK tax system have a knock-on effect for practices. Accountants and bookkeepers have to update processes, adopt new software, and educate the team and clients.**

For [Making Tax Digital for VAT](#), you've probably done all three of these things. Making adjustments in light of new legislation costs time and money, so it's only right that you're fairly compensated for your work. And, with [Making Tax Digital for Income Tax \(MTD for IT\)](#) on the horizon, it's a great time to revisit your pricing.

By getting your pricing right, you can make sure your fees reflect the increased workload, investment in software, and changes to your processes that come with MTD for IT.

In this guide, we show you how to set up an MTD pricing structure that meets client requirements and ensures you're charging your worth. Learn about different pricing models, how to package services, and tips for handling client concerns.



# What MTD means for practices and pricing



For many practices, MTD for VAT will have already triggered changes to services. You may have adopted new software to meet the requirements, or changed how frequently you work with clients to make sure they're keeping up with compliance.

But, MTD for IT requires more work for practices. Unlike MTD for VAT, MTD for IT increases the number of submissions clients need to make. One yearly assessment is replaced by four **quarterly updates** and a **Final Declaration** – five submissions compared to the previous one. This could mean clients need your support more often throughout the year.

And, because reporting requirements are increasing, people who didn't previously need support may seek an accountant or bookkeeper for the first time. That could mean more clients coming onto your books.

There's also software adoption to think about – some clients may need to be onboarded and trained on **MTD software**, and your team will need training.

These increases – in client requirements, client touchpoints, and client numbers – can't just be absorbed by practices. Additional work should come with an additional price tag.

Setting up MTD services pricing is important, because it enables you to charge your worth and reflect the value you're providing. Since compliance work takes up such a significant portion of practice workloads, how you **price services** for MTD will ultimately determine your profitability.

But, it's not just about setting fair prices – it's about selling your fees to clients. So, you need to communicate the benefits of MTD services so clients are more likely to value and pay for them. Highlighting how you can help them get their tax right, avoid fines, and maintain a clearer financial picture through MTD software and services is key.



# What to consider before building your pricing model

Setting the right prices demands that you know your client. So, before you can build a pricing structure, you need to know what clients are willing to pay for.

Here are some things to assess before you set your prices:

✦ **The size and business types of your clients.**

Freelancers and one-person businesses could have smaller budgets, but there's a good chance their needs will be less complex, too. Larger clients may require more extensive services from you.

✦ **The types of services your clients already use you for.** Consider the relationship they have with you – is it a yearly visit, or a monthly work? If most of your clients take care of their own bookkeeping, they could be happy with a submissions-only service for MTD for IT.

✦ **The industry your clients operate in.** If your client base skews towards retail, then, you might need to shape your pricing and services around high transaction volume. Keeping up with reconciliation will be a priority for these clients, so you could price services based on transaction quantity.

**Segmenting your clients for MTD software**

onboarding can also help with setting your prices. For example, clients who need to join MTD for IT from April 2026 and don't already have software in place need to be prioritised for onboarding. These will be the first cohort who require help with MTD for IT, so you should set up services for them first.

The software you use should also be taken into account. Modern accounting software can reduce the amount of work involved with MTD compliance. For example, if you have software that automates bank reconciliation, you won't need to spend as much time matching transactions. And, if bookkeeping records flow into draft returns automatically, you can simply review and submit returns to HMRC. In reality, this could mean some services become more cost-effective to deliver.

While it's true that MTD software comes at a cost, the wide-ranging benefits of software adoption can offset this. In our latest [UK Accounting and Bookkeeping Industry Report 2025](#), **87%** of practices say the use of cloud accounting software leads to increased client satisfaction, **51%** of practice using cloud experience client growth, and **44%** report that adopting or switching to cloud-based software has increased practice efficiency.

# Hourly, fixed fees, and value-based pricing

**How you price your MTD services isn't just about money. It impacts how much free time you have, how much work you need to do, and how your clients perceive you.**

Many practices use hourly, fixed fee, or value-based pricing. Some use a combination of all three. Hourly pricing is simple to implement – you just need to bill based on time spent. But, hourly pricing doesn't reward efficiency or skill, because if you can do a task quickly, you earn less (not more).

An alternative is fixed pricing, which is also easy to implement. Every service has a fixed price that takes into account the cost of delivering the service and desired profit margin. Staff time, software subscriptions, and equipment used are all factored into this price, and you can add your percentage profit on top.

With fixed fees, you know how much money you have coming into the practice. And, it provides consistency for clients. But, if a task takes longer than anticipates or requires extra resourcing, you can quickly eat into your profit margin and make a loss.

While hourly and fixed rate pricing models encourage you to charge based on time and costs, value-based pricing involves pricing based on impact for clients. For example, your clients could find an MTD tax planning service particularly beneficial.

This might only take a couple of hours to deliver – generating reports and forecasts, plus a short advisory session with the client. If you charge using an hourly or fixed rate, the price is low. But, if it means your clients can maintain healthy cash flow and avoid late payment fees the value (and price) is higher.

The biggest challenge with value-based pricing is that it isn't a simple calculation. Instead of tallying up the cost of each service and adding a percentage on, you need to talk to clients about what they value and the results they achieve. Services that create wealth, save time, improve compliance, or give clients better financial visibility are valuable – even if they're simple to deliver.

For an in depth explainer on pricing models and how to implement them, check out our guide on [pricing accounting services](#).

# Tiered pricing packages \*

**Providing clients with a package of services has several benefits. First, you can do more for a single client – increasing the value of each relationship. By delivering more work per client, you also get to know their business better, which can help you offer more personalised services and more value.**

Pricing packages also give you consistent and reliable income, so you can guarantee yourself a healthy fee for every MTD client. Clients benefit, too. Bundling services into different packages means your clients have a variety of options to choose from based on their budget and requirements.

Often, practices have a wide range of clients whose needs vary. If this is the case for you, a tiered pricing structure could help you offer a range of services that meet these varying requirements. Here's an example structure you could build on:

## 1. Basic package

For the freelancer, solopreneur, or software-savvy business owner who takes care of their own bookkeeping. Includes MTD software set-up and all MTD for VAT and MTD for IT submissions.

## 2. Standard package

For the overstretched business owner who needs someone else to take care of their compliance. Includes MTD software set up, MTD for VAT and MTD for IT submissions, plus all bookkeeping and reconciliation.

## 3. Premium package

For the business owner who wants financial clarity as well as compliance taken care of. Includes MTD software setup, MTD for VAT and MTD for IT submissions, all bookkeeping and reconciliation, and ongoing MTD advice, training, and tax planning.



# How to address client concerns and communicate value

As with any big change, you could face some resistance to MTD pricing. Communicating with your clients early is key here, so make sure you explain why the pricing changes are happening, and the benefits of your services.

Be transparent about the impact of MTD on your practice, too. While clients may be focused on what the legislation means for them, they may not have realised how MTD impacts your practice operations and services.

You could run a series of emails introducing each of your MTD services, the price, and exploring who they're best suited to. Providing plenty of service options can also help your clients find something that fits with their budget and requirements. This is where package pricing comes in handy.



# Handling client objections

For many businesses, MTD for IT will be mandatory, so compliance with the rules isn't optional. Whether your clients pay for your MTD services or do some of the work themselves, they still need to keep on top of compliance.

Knowing how to respond to client objections can help you move past difficult conversations and ensure your clients are compliant with the rules. In the long term, this is the more business-savvy option – since non-compliance can result in penalties and fines.

Here are some examples of client objections, and what you might say in response.



**CLIENT  
OBJECTION**

**“I don't want to pay the extra fees”**

“I understand that the extra costs associated with MTD services can seem like a burden. But, MTD for IT is mandatory for businesses like yours – which means non-compliance can result in penalties and fines. MTD for IT also impacts practice workloads, which is why we need to change our fees. Our MTD services are designed to take the pressure off you, and help your business stay compliant. Long-term, this means you can avoid penalties and fines, and get an accurate picture of your tax liability – which makes tax planning easier too.”



**SUGGESTED  
RESPONSE**



**CLIENT  
OBJECTION**

**“I don't have the budget – what are my options?”**

“If full services are beyond your current budget, you can take care of digital recordkeeping yourself, and we'll support you with submissions. That way, you won't need to pay for bookkeeping services, but we'll be available to help you make accurate and compliant submissions. We can also introduce you to software and apps that make digital recordkeeping easier, if that's something you're interested in.”



**SUGGESTED  
RESPONSE**



**CLIENT  
OBJECTION**

**“I don’t want to use MTD software”**

“MTD software might seem intimidating at first. But, modern software is designed to be simple and easy to use, not just for practices, but for businesses, too. HMRC-recognised software is an essential MTD requirement, and we can introduce you to our preferred solution. Plus, MTD software isn’t just for compliance – it can actually save you time by simplifying financial processes, and give you better visibility of your cash flow to help you run a healthy business.”



**SUGGESTED  
RESPONSE**



**CLIENT  
OBJECTION**

**“Can’t I just use spreadsheets instead?”**

‘When MTD for VAT came into place, you might have learned about bridging software, which connects spreadsheets to HMRC so that MTD submissions could be made. While this is an MTD-compliant option, it could be trickier to use spreadsheets for MTD for IT, because of the increased reporting requirements. While MTD software comes at a cost and has a small learning curve, it can actually save you time on financial processes, which may result in a time and cost saving too.’



**SUGGESTED  
RESPONSE**

# Finding software to support profitable pricing

**With the right software, you can automate some compliance tasks and speed others up. If this means your MTD services take less time and manual effort, they can be more profitable for you (and cost effective for clients).**

Many practices rely on a combination of tools to get the work done. But, if you can simplify this so that you only need a single piece of software to take care of the work, it means you don't need to pay for multiple platforms. And, it means all data is stored in one central place, so you don't need to copy records from one system to another, or repeat the same tasks in multiple places.

Modern MTD software providers also offer integrated apps, should you need extra tools for the job. For example, with [Xero accounting software](#), you can connect [Hubdoc](#) – our document capture tool. Hubdoc lets your clients snap photos of receipts from their smartphone and upload them directly to Xero, so you have the transaction ready to reconcile.

Software can play an integral role in making your MTD services profitable. With software making you and your team more efficient, you get more time to deliver complex and high-value work instead. You might even be able to scale your practice without having to double your team.

[Xero accounting software](#) can help you run your MTD services efficiently and make compliance simpler for clients. Features like automatic bank feeds pull in client transactions automatically, so you don't need to upload bank statements yourself. And, the bank reconciliation predictions feature suggests matches for statement lines, speeding up bookkeeping processes.

Preparing tax returns is fast and simple with Xero. Data from Xero bookkeeping flows into the client return, whether that's VAT, MTD for Income Tax, or non-MTD self assessment. No more switching between software programmes to get submissions sent.

You can go the extra mile for clients without breaking a sweat, thanks to the customisable dashboards in Xero that show client insights on cash flow, invoices, and key financial metrics. Use the information to guide clients on better financial decisions, backed by live data.



# How Xero helps you deliver and price MTD services with **confidence**

The impact of MTD on practices is significant, and your fees should reflect this.


Getting your pricing right can take the pressure off your practice. Fair fees for you and your clients mean you won't need to take on surplus work to make ends meet. **MTD** can be less of a burden, and more of an opportunity to strengthen your practice.

Delivering profitable MTD services that clients value is made easier by the right software. In our latest Accounting and Bookkeeping Industry Report 2025, **51%** of practices using cloud software experienced client growth. This increases to **57%** for Xero accounting software users. The top benefits cited include increased client satisfaction (**87%**) and more time to focus on practice growth (**86%**).

Xero accounting software is MTD-compatible and HMRC-recognised, with features that support compliance and help practices and businesses run more efficiently.

#### Our MTD-friendly features include:

- ✦ MTD for VAT and Income Tax submissions
- ✦ Customisable permissions so you can share the workload with your team
- ✦ Flexibility to collaborate with clients, so you can work together
- ✦ Connection from the bookkeeping right through to tax returns, so you don't have to copy information between software programmes
- ✦ Reports and analytics that help clients go beyond compliance, and make better business decisions based on reliable financial data

**These features are scalable, which means they work for 100 clients as easily as they work for 10. You can onboard clients onto the same processes and single software package, to simplify and standardise your compliance approach.** 

**Over 44% of practices report that adopting or switching to cloud-based software has increased their practice efficiency. Try our software that puts feel-good pricing within reach for your practice and clients.**





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Get the tools and resources you need to succeed.

