

tomato pay – £2.5m Award

CIF Key Achievements to Date

- untied's app was recognised by HMRC for MTD for Income Tax and first tax returns for 2020/21 were submitted using untied. tomato pay's Open Banking payment APIs powered the first payment to HMRC (executed within the untied app).
- tomato pay launched an instant payments app with QR-code based revenue collection and released an MVP of the smart invoice functionality helping SMEs stay on top of their cashflow.
- tomato pay's Open Banking payment APIs powers payment requests with built-in reporting ready for Making Tax Digital.
- The SMART partnership with beachhead bank partner was soft launched in August 2021.
- untied has been embedded in Deliveroo onboarding for new riders, with rollout commencing in September 2021 and a reach of 40,000 riders.
- Strengthened leadership teams within both tomato pay and untied with strong, recognisable names from the SME banking and payments industries.

Assessment Period 5 (September 1st, 2021 – November 30th, 2021)

COMMITMENT 1 – Continue to strengthen the wider SME-focused financial ecosystem and the economy.

To focus impact on 4.4m sole traders which have been among the most vulnerable during the covid-19 pandemic by giving them access to easy-to-use tools and opportunities that have previously only been available to larger businesses by December 2020.

To integrate SMART services with partners for distribution and support including giving accountants and advisors access to data in order to better service their clients by July 2021.

SMART was launched in December 2020 as per plan, giving sole traders and SMEs access to easy-to-use financial management tools such as tax calculation and cashflow forecasting.

We have started working with distribution partners in July 2021 as per plan and now have close to 200,000 SMEs enabled on SMART through partners.

Large-scale distribution of SMART through our beachhead bank partner has been delayed due to necessary technical upgrades on their end. The SMART pilot with the partner was launched in Q3 2021, and we are working closely with them to ensure a successful general availability launch by the end of Q2 2022.

COMMITMENT 2 – Substantially improve the financial health and viability of SMEs in the UK.

Deploy new revenue, cost and cash management tools in the market:

- **Launch the core SMART proposition by December 2020 including 1) invoicing, 2) tax calculation and filing, and 3) data aggregation and cashflow forecasting**
- **Scale availability and usage via partners to 250,000 SMEs and 18,720 SMEs respectively by December 2022**

The core SMART proposition was launched in December 2020, and we have already provided access to over 200,000 SMEs via partners and over 8,000 SMEs directly. Based on these numbers and general progress to date, we believe that we will achieve the targeted numbers by December 2022.

COMMITMENT 3 – Help SMEs to take control of their customer payment terms by providing them with powerful tools to help incentivise payments.

Develop and scale the SMART proposition Revenue management proposition to include:

- **Tax impact integration by May 2021**
- **Collection, invoicing tools and cash management tools by June 2021**
- **Dynamic discounting by September 2021**
- **Initiate £70m of Open Banking (PIS) payments by December 2022**

The Tax impact integration module has been delayed due to customer feedback, but we are well underway to deliver this initiative by the revised timeline of March 2022.

Collection, invoicing tools and cash management tools were delivered successfully by June 2021.

During Q4 2021, the dynamic discounting feature has been launched successfully as per plan. Initial customer feedback has been encouraging and we are currently working on making this feature even more intuitive and user friendly.

We are confident that we are on track to achieve £70m of Open Banking (PIS) payments by December 2022 based on further distribution partnerships and launching to general availability with Santander in Q2 2022.

COMMITMENT 4 – Distribute a simple, scalable and affordable method for SMEs to anticipate, prepare and submit tax.

Develop and scale SMART Cost (tax) management proposition to include:

- **Open-Banking driven personal income tax management and optimisation with a focus on sole traders and with support for other income sources. Integration with HMRC via self-assessment and Making Tax Digital. Built-in submission of personal income tax filings at launch by December 2020**
- **Third party tax calculator APIs allowing banks and others to integrate tax by December 2020**
- **Submit 25,000 tax returns by December 2022**

SMART was launched in December 2020 including Open Banking driven personal tax management for sole traders, the integration with HMRC and built-in submission of personal income tax filings.

The third-party tax calculator APIs were also launched by December 2020.

In respect of the third sub-commitment (tax return numbers) we are on track. However, there are risks and dependencies on HMRC. One of the key drivers has been mandated change in personal tax reporting under Making Tax Digital for Income Tax Self-Assessment (MTD ITSA). In the reporting period, HMRC announced a 12-month delay to MTD ITSA, pushing the mandate back to April 2024. The tax authority has committed to increase the number of pilot users over the next twelve months, which untied is able to support.

We are hoping that the strict eligibility criteria applied to taxpayers (including technical restrictions relating to receipt of COVID support) can be eased for the next phase. If the HMRC pilot does not open significantly, there will be a risk to meeting the targets in 2022.

COMMITMENT 5 – Deliver best-in-class SME financial forecast.

To develop and scale the SMART cash management proposition to include:

- **Advanced cashflow tools offering data aggregation, tax and insights by March 2021**
- **Support 18,720 SMEs in aggregating accounts by December 2022**

The advanced cashflow tools offering data aggregation, tax and insights were launched successfully by March 2021. We continue to increase our data aggregation capabilities and the revised timelines of the tax impact integration (Q1 2022) are on track.

COMMITMENT 6 – Commit to promoting diversity and jobs nationally.

- **This initiative commits to creating 22 jobs across software development, product management, data science, partnerships and sales by December 2022**
- **Empower underrepresented groups with exceptional employment opportunities targeting 50% of these positions outside London, by December 2022**
- **At least 10 paid internships will also be available to support mentoring and training young talent to succeed in the tech world**

We are well on track to deliver this commitment. Across tomato pay and untied, we have already created 23 jobs with 50% located outside of London. Across the two businesses, 5 paid internships have already been created and we are confident that we will have created 10 paid internships as per plan by the end of 2022.

COMMITMENT 7 – Co-investment

Fractal and untied will boost the delivery of SMART (created using C&I funding) by adding £1 from our own finances to every £1 received from BCR.

tomato pay and untied contributed 100% of the total spend over this period, aligning with the full year budget of matching every £1 received from the BCR with our own finances.