

Finance Bill 2025-26

Representation from the Association of Taxation Technicians (ATT)

Clauses 220 – 246, and Schedules 19-20

Registration of tax advisers with HM Revenue & Customs (HMRC)

Executive Summary

Clauses 220 introduces a new requirement for all tax advisers to register with HMRC if they wish to interact with them on behalf of a client, unless a limited exception applies. A tax adviser is prohibited from interacting with HMRC on behalf of a client unless they are registered and may be subject to sanctions if they attempt to do so.

Whilst we appreciate the importance of HMRC having improved visibility of tax advisers operating within the system, we are concerned at the speed with which this measure is being introduced. Despite the changes coming into effect in a matter of months, we do not yet know exactly how or when advisers will be required to register. We would therefore recommend that introduction of mandatory registration is delayed until April 2027 at the earliest. If not, HMRC needs to issue further clarification urgently.

We are also concerned that, as registration will only be required of tax advisers who directly interact with HMRC, the more unscrupulous actors in the market could circumvent these new rules. Care needs to be taken that this legislation does not merely impose additional compliance requirements on compliant tax advisers.

Despite the publication of this legislation, there remain a number of areas of uncertainty regarding exactly which individuals within tax adviser firms will need to be named as part of the registration process. Further guidance is urgently needed.

Finally, we note that the legislation allows for a tax adviser's registration to be suspended where certain standards of behaviour are not met. However, the required standards of behaviour are not set out in the legislation, and are instead relegated to a future notice to be published by HMRC. Given the potentially severe consequences of a tax adviser's registration being suspended, we would have strongly preferred that the applicable standards be identified directly in the primary legislation.

1. Background

- 1.1. Currently, HMRC registration requirements for tax advisers vary by service, creating administrative burdens and gaps in HMRC's ability to check whether tax advisers meet minimum standards.
- 1.2. The October 2024 consultation 'Raising standards in the tax advice market: strengthening the regulatory framework and improving registration' concluded with the Government deciding to invest in HMRC's tax adviser registration service and require all tax advisers who interact with HMRC on behalf of a client to register with HMRC before doing so.
- 1.3. That outcome led to the introduction of the provisions now contained in clauses 220 to 250 and Schedule 19 of the Finance Bill 2025.

2. Changes introduced in Finance Bill 2025-26

- 2.1. Under clause 220, tax advisers will be prohibited from interacting with HMRC in relation to the tax affairs of a client unless they are either registered under that Chapter, or fall into one of the limited exceptions set out in Schedule 19.
- 2.2. A tax adviser is defined for these purposes in clause 221 as any organisation or individual sole trader who, in the course of a business, assists other persons with their tax affairs. For the purposes of this representation we will refer to all of these as 'firms'.
- 2.3. A tax adviser 'interacts' with HMRC if they contact them by telephone / post / email / online messaging or file any returns, claim or other document with them on behalf of a client. The vast majority of firms providing any kind of tax advice or compliance services will therefore be required to apply for registration with HMRC under these provisions.
- 2.4. Clauses 222 to 227 set out how this application process will operate. This includes a requirement for firms to name a minimum number of 'relevant individuals' as part of the application process. The number and identity of these 'relevant individuals' depends on the size of the firm. Firms must also confirm they meet certain registration conditions (including that neither they, nor the firm, have any outstanding tax returns or payments) and that they are registered for AML supervision.
- 2.5. Clauses 228 and 229 cover HMRC's ongoing monitoring of a tax adviser's compliance with the registration conditions, and their powers to suspend registration where they are satisfied these are not met. Clause 229 also introduces a power for HMRC to suspend a tax adviser's registration for up to 12 months where they consider that they have, in the course of interacting with HMRC, behaved in a manner which falls below the standards that might reasonably be expected of a tax adviser. These standards are not set out in the legislation. Instead, clause 229(3) says that HMRC may have regard to any 'relevant HMRC standard' published in a notice.
- 2.6. Clauses 230 to 245 set out various sanctions which HMRC can apply where the registration requirements are breached. These include financial penalties for firms and/or relevant individuals, 'ineligibility orders' which prevent firms and/or relevant individuals from being registered in the future, a requirement for suspended agents to notify their clients and a power to publish information about individuals / firms.
- 2.7. Clause 246 sets out that the Chapter will come into force on such day as may be appointed by regulations. The accompanying Explanatory Notes explain that tax advisers will be required to register from May 2026, with a transition period of at least three months for all tax adviser groups, but with more time given to some tax advisers who are already registered or need more time to comply.

3. General Observations and consequences of proposed change

Timing of measure and lack of information available

- 3.1. Whilst we appreciate the importance of HMRC having improved visibility of tax advisers operating within the system, we are concerned at the speed with which this measure is being introduced.
- 3.2. As noted above, it is anticipated that registration will become compulsory from May 2026, which is a matter of months away. However, there remains limited awareness of this change and a lack of clarity as to what will actually be required of agents, and when. Given the potentially significant consequences of a tax adviser failing to register, or subsequently having their registration suspended, adequate time should be taken to both plan for and introduce any new requirement. We would therefore recommend that the introduction of this measure be delayed until April 2027 at the earliest.
- 3.3. Clause 222(2) states that ‘an application must be made in the form and manner specified in a notice published by HMRC.’ Given that mandatory registration is proposed to commence in a matter of months, this lack of clarity is worrying. If the measure is not delayed as per our suggestion above, then we would strongly encourage HMRC to publish a draft version of the required form and application process as soon as possible. This is needed to give tax advisers adequate time to understand the requirements and gather the necessary information and documentation.
- 3.4. HMRC have indicated in meetings with us that those agents with an Agent Services Account (ASA) will be transitioned into the new registration system. However, this is not reflected in the legislation and the exact mechanism and timescale for any such move remain unclear.
- 3.5. We note that the timescale for registration also coincides with the introduction of Making Tax Digital for Income Tax (MTD) from April 2026. MTD will represent a significant upheaval for agents and their clients, and we would therefore urge the Government to ensure that the transition for those with an ASA is as simple and straightforward as possible. We would also encourage HMRC to publish, as soon as possible, a clear timetable of who will be required to register and when.
- 3.6. In addition, we recommend that HMRC provide clear and comprehensive guidance to support advisers through the application process as soon as possible.

Scope of the measures

- 3.7. As noted above, registration will be required of any tax adviser who interacts with HMRC. However, we remain concerned that the proposals will not capture those who provide tax advice without directly engaging with HMRC—for example, individuals advising on claims or allowances but not involved in filing returns. As a result, a significant portion of advisers may remain outside the scope of oversight and continue to operate with limited visibility or accountability.
- 3.8. We are also concerned that some unscrupulous advisers could resort to using client credentials to file returns with HMRC rather than registering and using their own agent credentials.
- 3.9. HMRC need to ensure they are taking steps to monitor such behaviours, and that registration does not merely introduce additional admin burdens for compliant advisers, whilst allowing bad actors to circumvent the requirement altogether.

Registration requirements and process

3.10. As noted above, as part of their registration a tax adviser firm is required to name a minimum number of 'relevant individuals'. These relevant individuals have requirements set on them personally regarding their behaviour (such as filing their tax returns on time) and also face penalties for failures to comply with the registration rules. Identifying the correct individuals to name is therefore very important for firms, but the legislation is not always clear.

3.11. For example, the number and identity of relevant individuals to be named depends on the number of 'officers' a firm has. Clause 223(3) defines an officer as including:

- In relation to a company a 'director'
- In relation to a partnership, a 'partner'

These terms are not sufficiently precise. For example, is the reference to a 'director' to an individual registered at Companies House as a director of the relevant company, or anyone in the company holding a title including that word? For partnerships, are both equity and salaried partners deemed to be 'officers'?

3.12. The requirements around the number of relevant individuals to be named also places unfair burdens on smaller tax adviser firms when compared with larger ones. Clause 223 sets out that all firms, regardless of their size, have to name each individual with a significant role in overseeing, managing or organising the tax adviser activities. Which other individuals need to be named then depends on the size of the firm:

- Fewer than six officers - every officer needs to be named.
- Six or more officers – as many officers as required to ensure that five are named overall.

This means that, for example, a five partner firm with two tax partners would be required to name every partner as a relevant individual, even those not involved in tax work at all. By contrast, a 100 partner firm with five tax partners would only have to name those five partners as relevant individuals. This level of admin burden seems disproportionate, and also raises the likelihood of a small firm being suspended due to behaviour of non-tax related officers, something which is not a risk for larger firms with at least five officers overseeing tax work.

3.13. The registration conditions set out in clauses 224 and 225 include that neither the tax adviser, nor a relevant individual, have any late tax returns or tax payments. We welcome the subsequent exception that says that a late payment is not taken into consideration if a time to pay arrangement has been agreed with HMRC. However, there is no equivalent provision to say that a late tax return can be ignored if the individual has a reasonable excuse for the late filing, such that no penalty attaches to it. We recommend that an override be introduced to say a return is not considered to be outstanding for these purposes where HMRC have accepted a reasonable excuse applies.

3.14. Clause 227(1) provides that, where a tax adviser applies to be registered, an officer of HMRC must decide whether to approve the decision and notify the tax adviser of their decision. However, the legislation does not impose any timeframe within which the officer must complete the registration or notify the adviser. To ensure the process is timely and does

not impede an adviser's ability to act on behalf of clients, we recommend that the legislation include a defined timeframe, for example, that registration and notification must occur within 30 days of the application being received. This would provide much-needed certainty for advisers and help avoid unnecessary delays.

Suspension of registration

3.15. Clause 229 gives HMRC the power to suspend a tax adviser's registration for 12 months where their behaviour falls below expected standards. However, as noted above, there is no detail as to what these 'expected standards' might be. By relegating these to a notice, they are not subject to Parliamentary scrutiny and could also be subject to change with little to no notice.

3.16. Given the potentially severe consequences of a tax adviser's registration being suspended, we would have strongly preferred that the applicable standards be identified directly in the primary legislation, rather than left to a notice or other HMRC-published document. Embedding such key requirements in legislation would have provided greater clarity, accountability, and assurance for tax advisers. It would also ensure that any future changes are subject to full Parliamentary scrutiny, rather than being amendable at HMRC's discretion, as is the case with notices.

4. Recommendations

- 4.1. Introduction of mandatory registration should be delayed until April 2027 at the earliest to ensure there is adequate time to plan for and introduce the new requirement.
- 4.2. If the intention is for registration to be required from as early as May 2026, we strongly recommend that HMRC provide clear and comprehensive guidance as soon as possible outlining who will be required to register and when. Further clarity and guidance are also needed regarding how the application process will work.
- 4.3. HMRC need to ensure they are taking steps to monitor the behaviour of those operating in the tax advice market who do not fall within the requirement to register and take swift action against them where needed.
- 4.4. More clarity should be provided as soon as possible as to which individuals are held to be 'officers' for the purposes of the legislation.
- 4.5. A 30 day time limit should be set for HMRC to process an application for registration.
- 4.6. Any requirements focusing on behavioural standards expected of tax agents should be consulted on extensively and, ideally, be included in primary legislation.

Association of Taxation Technicians
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Note:

The Association of Taxation Technicians

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Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government and academia.

The Association has over 10,000 members and Fellows together with over 7,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively