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EMPLOYER-PROVIDED/EMPLOYER-FUNDED CORONAVIRUS ANTIGEN TESTS

Budget Representation by Association of Taxation Technicians

1 Introduction

- 1.1 The Association of Taxation Technicians (ATT) is pleased to have the opportunity to make representations in relation to the 2021 Budget.
- 1.2 The ATT considers the Government should extend the temporary income tax and National Insurance Contribution (NIC) exemptions for employer-provided COVID-19 antigen tests until at least April 2022.
- 1.3 Alternatively, we consider that there would be a public benefit in introducing a wider-ranging and enduring exception from benefit-in-kind charges for employers who pay to test their employees for highly transmissible diseases.
- 1.4 The primary charitable objective of the ATT is to promote education and the study of tax administration and practice. We place a strong emphasis on the practicalities of the tax system. Our work in this area draws heavily on the experience of our members who assist thousands of businesses and individuals to comply with their taxation obligations. This response is written with that background.

2 Background to our proposal

- 2.1 If an employer bears the cost of an employee's COVID-19 antigen test, HMRC's view is that this results in a taxable benefit-in-kind equal to the cost of the test. The benefit-in-kind arises whether the employer bears the cost upfront (as HMRC considers none of the existing exemptions from the benefits-in-kind legislation apply), and also where the employee incurs the cost and the employer reimburses it as HMRC does not view such tests as 'wholly, exclusively and necessarily' for the purpose of the employee's duties¹. This could result in income tax/NIC consequences for employee and employer and additional administration for the employer.

¹ See heading 'Current law' in November's policy paper ['Income Tax and National Insurance contributions exemption for employer-provided coronavirus antigen tests'](#). We consider that there are in fact circumstances in which the test could be considered to be wholly, exclusively and necessarily for the purpose of the employee's duties, with any related health benefit being incidental that but it would be preferable for the matter to be put beyond doubt and not a matter of potential disagreement with HMRC.

- 2.2 In the last two months of 2020, the Government published two policy papers² to confirm that where an employer pays for or reimburses an employee for a COVID-19 antigen test, this will not be treated as a benefit in kind, but these exemptions are temporary, and only apply until 5 April 2021. In the current situation, we consider these income tax and NIC exemptions need to be extended to at least 5 April 2022.
- 2.3 Without an extension of these exemptions, a business such as, say, a plumbing business who pays to test an employee before sending them into a vulnerable customer's home could incur tax/NIC consequences for themselves and the employee from 6 April 2021 onwards. We consider that there is no public benefit in discouraging employers from paying for employees' tests. Indeed, we consider that there a positive public benefit in encouraging employers to support such testing.
- 2.4 A more comprehensive solution might be to have a primary legislation exemption for such employer-provided (or employer-funded) testing in respect of defined highly transmissible diseases. The relevant diseases (and the duration of the exemption in any particular situation) could then be defined by secondary legislation.

3 Contact details

- 3.1 We would be pleased to join in any discussion relating to this representation. Should you wish to discuss any aspect of this representation, please contact our relevant Technical Officer, Helen Thornley on atttechnical@att.org.uk.

The Association of Taxation Technicians

7 January 2021

4 Note

- 4.1 The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

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 more than 9,000 members and Fellows together with over 5,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.

² See in addition to the paper referenced above, December's paper '[Income Tax and National Insurance contributions exemption for employer-reimbursed coronavirus antigen tests](#)'.