

Finance Bill 2021

Representation from the Association of Taxation Technicians (ATT)

Clause 26: Exemption for coronavirus tests

Executive summary

Clause 26 introduces an exemption from any income tax charge on an employee in respect of employer-funded coronavirus antigen testing in the tax years 2020-21 and 2021-22.

We think that there is an opportunity to expand the scope of the exemption so that it could apply to comparable testing in future critical health situations.

1. Current scope of Clause 26

- 1.1. Clause 26 focuses on antigen testing for coronavirus. These tests determine whether an individual has an 'active' case of coronavirus.
- 1.2. The clause introduces a welcome exemption from any income tax on such tests in the two tax years 2020-21 and 2021-22 for employees with related National Insurance exemptions for both employers and employees.
- 1.3. Clause 26(5) provides for the extension of the provisions by Treasury regulations to subsequent tax years.

2. ATT Comment

- 2.1. ATT welcomes the extension of tax exemptions for employer-funded coronavirus antigen tests to 5 April 2022. There is a big public benefit in encouraging employers to support such testing. Key workers especially should not be hit by tax charges if their employer pays for them to be tested.
- 2.2. Coronavirus antigen tests determine whether an individual has an 'active' case of coronavirus. Without the specific exemptions now being extended, an employer paying for an employee's test would be considered to be providing a taxable benefit equal to the cost of the test. This could have led to income tax and/or national insurance costs for both the employee and employer – as well as unwelcome administration burdens for the employer.
- 2.3. We would like to see the Government go further to introduce a wide-ranging and enduring tax exemption for employer provided testing in respect of infectious diseases like COVID-19. Health experts have warned that this may not be the last pandemic; and planning ahead in this way would reduce the need for future emergency provisions to avoid unintended tax consequences for employers who are simply trying to do the right thing.

3. Recommendation

- 3.1. We think that the opportunity could be taken to amend the clause and widen the reach of Treasury regulations so that the exemption could in future apply in comparable but unrelated pandemic situations without the need for new primary legislation.

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Note:

The Association of Taxation Technicians

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 over 9,000 members and Fellows together with over 6,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.