‘Occupational Health: Working Better’: CIOT and ATT responses

Employment Tax



22 November 2023

The CIOT and ATT have responded to a recent joint HM Treasury and HMRC consultation on whether tax incentives could drive greater provision of occupational health services by employers.

The consultation forms part of a package of measures announced by the Chancellor at the Spring Budget which aim to reduce the number of people out of work due to long-term sickness.

The government estimates that currently only 45% of workers in Great Britain have access to employer provided occupational health services, dropping to 18% in small businesses. The consultation explored the reasons for this, and whether further tax incentives could play a role in encouraging employers to provide occupational health services to their employees.

The ATT supports the proposal that the current benefit in kind exemptions should be extended to cover a wider range of health related services to employees. However, we do not believe that alternative, new tax incentives (such as a super-deduction for occupational health costs) should be introduced, as these could be overly complex and open to abuse.

The ATT particularly welcomes the proposed exemption for employer reimbursed flu vaccination costs. The current system – in which employer provided vaccines or vouchers are exempt but reimbursing an employee leads to a tax charge – is counterintuitive. Removing this discrepancy could drive greater uptake of vaccines, with benefits to employees, employers and the wider economy. We believe that consideration should also be given to extending the current exemption for employer provided eye tests, glasses and contact lenses to include reimbursement.

The CIOT agreed that if the government is looking for employers to do more than they are currently doing by way of occupational health services, then increasing and expanding the scope of existing tax incentives (such as the benefits-in-kind tax/NIC exemptions) would help in this respect. We also suggested that the government develop a framework which sets out what occupational health support services employers should be encouraged to provide to their employees – and we welcomed the fact that the Department for Work and Pensions issued a parallel consultation to this end.

The CIOT welcomed proposals to expand the scope of the health screenings and medical check-ups exemption, review the scope of the recommended medical treatment exemption, and introduce a dedicated exemption for flu vaccinations. In particular, we felt that the £500 limit for recommended medical treatment is too low, and also recommended removing differences in tax treatment between reimbursement of treatment costs and directly provided treatment.

The ATT response is available at: www.att.org.uk/ref436 and the CIOT response at: www.tax.org.uk/ref1211.

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