Draft Finance Bill 2025-26: Modernising and mandating tax adviser registration with HMRC

General Features



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The CIOT and ATT have responded to draft legislation on Modernising and mandating tax adviser registration with HMRC.

The proposed legislation (tinyurl.com/2zevkeke) introduces a legal requirement for tax advisers who interact with HMRC on behalf of their clients to register with HMRC and meet certain minimum standards.

CIOT response

The CIOT see a register of tax advisers as a helpful first step towards further measures to raise standards in the tax advice market. However, the legislation only applies to those who interact with HMRC and therefore a significant section of the

tax advice market is completely outside the scope of the legislation. This makes it even more important that this narrower policy does not lead to excessive costs, burdens or practical difficulties which could distort the market.

We queried whether the register needs to be introduced to the current timetable envisaged. Our preferred option is for implementation to be deferred for at least a year to April 2027 to enable further consideration of the legislation and practical implementation.

The eligibility criteria for inclusion on the register give HMRC scope to impose wide-ranging and unfettered standards on tax advisers. If these are retained in the legislation, then safeguards need to be included. These safeguards need to be clearly independent and transparent.

The definition of ‘tax adviser’ as set out has also resulted in several queries about who the legislation aims to target and which individuals are within scope. The CIOT has suggested possible amendments to the legislation to make this clearer.

The CIOT considers that, unless refined, the proposed legislation could have unintended consequences. The combination of the eligibility criteria and draft facilitating non-compliance legislation may result in agents feeling hesitant to pursue legitimate technical disagreements with HMRC on behalf of their clients. Clients may also turn to advisory-only firms (who are not registered), which might undermine the objectives of the proposals to raise standards and could distort the market.

Finally, the CIOT commented on the fact that the transition process to the new register is unclear. The training of agents needs to start as soon as possible, particularly given the pressures on agents dealing with upcoming tax returns and the introduction of Making Tax Digital.

ATT response

The ATT acknowledged that mandatory registration marks the first step in the government’s two-part strategy to raise standards in the tax advice market. This initial measure aims to improve the visibility and oversight of tax advisers operating within the system.

However, we highlighted a key concern: 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, continuing to operate with limited visibility or accountability.

We welcomed confirmation that the Agent Services Account system will be integrated into the new registration framework. However, we have asked for greater clarity on how Agent Services Account holders will demonstrate compliance with the new requirements, and what the timeline will be.

We also stressed the importance of clearly articulating the purpose and benefits of registration. Without this, advisers may perceive it simply as an additional administrative burden, rather than a meaningful step towards improving standards and protecting taxpayers.

Finally, we encouraged the government to consult on whether the provision of tax advice should become a regulated activity, and be restricted to approved and supervised individuals or organisations, as is the case for insolvency practitioners, probate providers and statutory auditors. This could provide more consistent oversight across the sector and extend protection to taxpayers, regardless of whether their adviser is required to register with HMRC.

The full CIOT response is available here: www.tax.org.uk/ref1553

The full ATT response is available here: www.att.org.uk/ref495

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