Tax adviser registration: modernising and mandating

Management of taxes

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HMRC will require tax advisers to register, meet minimum standards and identify relevant individuals from May 2026.

Key Points

What is the issue?
Firms of tax advisers who interact with HMRC have a legal requirement to register with HMRC and meet ‘minimum standards’ from May 2026.

What does it mean to me?
Tax advisers who interact with HMRC and are not currently registered will need to do so from May 2026. Existing agents will be moved to the new register via a lighter-touch transition process. All tax advisers need to comply with the registration

conditions within the legislation and meet minimum standards. Some registration conditions apply to relevant individuals within firms.

What can I take away?
Tax advisers should familiarise themselves with the legislation and start to think about actions they may need to take to comply with the registration conditions, including identifying relevant individuals. They should also watch for the publication of further guidance by HMRC.

Included within the Finance Bill 2025-26 was a package of measures affecting tax agents including:

- mandatory registration of tax advisers;
- the introduction of a new penalty to tackle tax advisers who deliberately facilitate non-compliance in their client's tax affairs by amending the tax agent dishonest conduct provisions in Finance Act 2012 Sch 38; and
- the introduction of an outright ban on the promotion of tax avoidance arrangements which have no realistic prospect of success.

Since the publication of the draft Finance Bill in July 2025, CIOT, ATT and their volunteers have engaged strongly with HMRC on all the agent-related measures. The impact of this package of measures on reputable, compliant tax advisers should not be underestimated – a message we continue to set out in submissions to both HMRC and government ministers.

This article provides an overview of the legislation relating to the mandatory registration of tax advisers.

What is mandatory registration of tax advisers?

Chapter 1 of Part 7 of the Finance Bill 2025-26 introduces a legal requirement for firms of tax advisers who interact with HMRC on behalf of their clients to register with HMRC and meet 'minimum standards' from May 2026 (with at least a three-month transition period). HMRC is also investing £36 million to modernise existing registration services.

To register, a firm will need to meet the registration conditions and meet the ‘minimum standards’. A firm must also identify relevant individuals, who are either senior personnel of the firm and/or employees of the firm who meet the relevant individual definition within the legislation.

Once registered, a firm and its relevant individuals must continue to meet the registration conditions, or risk suspension and further sanctions. The legislation also includes powers for HMRC to suspend registration if it considers that the tax adviser’s behaviour ‘falls below the standards that might reasonably be expected of a tax adviser in their interactions with HMRC’.

Requirements for registration

Registration will be required for any ‘tax adviser’, subject to some limited exceptions in Sch 20 of the Bill, who interacts with HMRC in relation to the tax affairs of their clients, regardless of where in the world they and their clients are located. HMRC will not levy any charges for initial registration or to remain on the register.

A tax adviser is defined in the legislation as an organisation or individual who, in the course of a business carried on by them, assists other persons with their tax affairs. Assisting with tax affairs is broadly defined to include:

- providing advice in relation to tax;
- acting or purporting to act as an agent on behalf of the other person in relation to tax; and
- providing assistance with any document that is likely to be relied on by HMRC to determine the other person’s tax position.

Interacting with HMRC includes:

- contacting HMRC by telephone, post or email;
- sending a message to HMRC through a website or online portal;
- filing returns, claims, notices or other documents with HMRC; and
- communicating with HMRC in any other way.

Registration is required at a firm level, though the registration requirements require a firm to identify relevant individuals. Registration will open for all from 18 May 2026. However, existing agents who have a Self Assessment or Corporation Tax

account (but not an agent services account) can choose to register from 18 August 2026.

Agents that only provide third-party payroll services on behalf of clients and do not interact with HMRC in any other way, can choose to register from 18 November 2026.

Existing agents who already have an agent services account will not need to re-register with HMRC. However, our understanding from HMRC is that there will be a separate lighter-touch transition process to move these existing agents to the new register, where they will need to meet the associated requirements. HMRC will contact these agents via their agent services account when they need more information from them, and therefore agents should ensure their contact details are up to date.

Who is a ‘relevant individual’?

The legislation requires firms to identify relevant individuals. A ‘relevant individual’ is an individual who plays a significant role in:

- making decisions about how the whole or a substantial part of the tax adviser activities of the organisation are to be managed or organised; or
- the actual managing or organising of the whole or substantial part of those activities.

Our understanding from our discussions with HMRC is that it considers a relevant individual to be the mind and management in a firm who impacts the overall tax direction of the firm. A relevant individual may include employees, as well as senior personnel, of the firm.

Legitimate concerns remain regarding the breadth of the definition of relevant individual within the legislation, and we are urging HMRC to provide more detailed guidance as soon as possible to help firms navigate the identification of relevant individuals.

Some of the registration conditions must be met by relevant individuals.

The number of relevant individuals

The number of relevant individuals to be named depends on how many ‘officers’ the firm has. Officers are essentially the senior personnel in each firm, including but not limited to company directors, partners and LLP members.

Firms with five or fewer officers are required to identify:

a. each officer of the firm; and
b. every employee working for them who meets the definition of ‘relevant individual’.

For example, a four partner firm would be expected to name all four partners and any employees who meet the definition of ‘relevant individual’. If two employees meet this definition, the firm would have six relevant individuals.

Firms with six or more officers are required to take the following steps:

a. identify each individual (whether officer or employee) who meets the definition of a ‘relevant individual’; and
b. if fewer than five officers in category (a) meet the definition of ‘relevant individual’, they must identify additional officers to ensure that the firm has at least five officers.

For example, a ten partner firm has three tax partners and two employees who meet the definition of a ‘relevant individual’. As fewer than five officers fall within the relevant individual definition, the firm will need to identify at least another two partners to meet the registration requirements. This firm would have a minimum of seven relevant individual officers – three tax partners, two further non-tax partners and the two employees who meet the definition of a relevant individual.

It is important to note that the legislation does not cap the number of relevant individuals at five, as can be seen from the examples above.

The registration conditions

There are three registration conditions:

First registration condition: The tax adviser and each of the relevant individuals must meet the requirements of Finance Bill 2025-26 s 224(2), including being up to date with their own tax returns and tax payments, and not having had an anti-

avoidance penalty imposed on them in the previous 12 months. See **Box 1: Section 224(2)**.

Second registration condition: The tax adviser is registered for anti-money laundering (AML) supervision or meets such conditions about applying to register for supervision as may be specified in a HMRC notice (to be published).

Third registration condition: The required number of relevant individuals has been identified by the firm.

Once registered, HMRC will monitor ongoing compliance with the registration conditions, and any subsequent failure to meet them may result in suspension and further sanctions.

Box 1: Section 224(2): the first registration condition

‘The first registration condition is that the tax adviser and, if the adviser is an organisation, each of the adviser’s relevant individuals:

a. does not have a relevant amount overdue or a relevant return outstanding;
b. is not subject to a decision by HMRC to refuse to deal with them;
c. is not subject to a relevant anti-avoidance measure;
d. has not, in the previous 12 months, had a relevant anti-avoidance penalty imposed on them;
e. is not subject to a relevant suspension or a relevant ineligibility order;
f. is not disqualified under the directors disqualification legislation or subject to a similar disqualification in a territory outside the United Kingdom;
g. does not have an insolvency practitioner acting in relation to them; and
h. does not have an unspent conviction for a relevant offence (see section 226 (offences)).’

Compliance notices and financial penalties

If a firm fails to register and attempts to interact with HMRC, or continues to interact while suspended, HMRC may issue a compliance notice. This compliance notice can be treated as withdrawn if the firm subsequently registers or the suspension is lifted.

If a firm attempts to interact with HMRC after a compliance notice has been served (and without it being treated as withdrawn), financial penalties can apply. Financial penalties (of up to £10,000) can be issued to either the firm or the relevant individual, depending on the failure. Failure to notify clients of suspension or ineligibility orders can result in a penalty of £5,000 per client.

The reasons for suspension

HMRC may suspend a registration in the following circumstances:

- A firm, and where appropriate its relevant individuals, breaches the registration conditions. Therefore, if a relevant individual has an overdue tax return or has outstanding tax that is not covered by a time to pay arrangement, this could result in the suspension of registration if not rectified.
- HMRC considers that the tax adviser's behaviour has fallen below the standards that might be reasonably be expected of a tax adviser in their interactions with HMRC. Suspension in this case can be for a period of up to 12 months. See **Box 2: What is unreasonable behaviour?**

Before suspending a firm's registration, HMRC must notify the firm and give it 30 days to either meet the relevant conditions or make representations. This period is extended to 60 days where the breach relates to a late tax return or late tax payment by a relevant individual of the firm (with the relevant individual also being notified).

Box 2: What is unreasonable behaviour?

Under Finance Bill 2025-26 s 229(2), HMRC can suspend a tax adviser if it considers that their behaviour 'falls below standards that might reasonably be expected of a tax adviser in their interactions with HMRC'. Section 229(3) provides that, when considering whether the tax adviser's behaviour falls below standards, HMRC will have regard to 'any provisions of a relevant HMRC standard', which will be specified for these purposes in a notice published by HMRC.

CIOT and ATT understand that HMRC intends to use HMRC's Standard for Agents as the 'relevant HMRC standard' when using this power. However, the legislation is much more broadly drafted. The policy document published alongside the Finance

Bill 2025-26 also refers to the use of the powers to tackle tax advisers who ‘are objectively unable to meet HMRC’s Standards for Agents or cannot lawfully act as a tax adviser’. In the Parliamentary debate on the Bill, the government said: ‘At registration, tax advisers will be asked to confirm that they will meet HMRC’s standards for agents.’ We await publication of the notice to confirm this position.

Appealable decisions

Schedule 21 of the Bill contains provisions about appeals and reviews. A tax adviser can appeal to the tribunal against the decision of an officer in respect of approval of an application, suspension of registration, issue of a compliance notice, assessment of a financial penalty, the issue of ineligibility orders, failure to notify clients of suspension or ineligibility orders, and a decision to grant temporary relief (see below). HMRC must offer a review of an appealable decision.

The legislation provides an individual officer, or in some cases an authorised officer within HMRC, with significant power to suspend a registration. CIOT and ATT pressed for changes to the legislation to provide greater safeguards and more comfort that HMRC will only use these powers in a reasonable and proportionate manner, reflecting the nature and scale of the alleged misconduct. Our proposals were not taken up. However, the government provided the following reassurance during the Parliamentary debate on the Bill:

‘HMRC will suspend a tax adviser only after due process, including offering opportunities to comply and a chance for the adviser to explain whether there is a good reason why they are unable to do so. HMRC will not use these powers for minor breaches.’

We are asking HMRC to provide a similar message within its guidance to provide further reassurance around the use of HMRC’s power to suspend a firm’s registration.

Temporary relief from suspension

Suspension of the ability to interact with HMRC is not automatically put on hold simply because the outcome of a review or appeal is still pending. However, a tax adviser can apply for temporary relief, pausing the suspension pending the outcome

of the review or appeal.

Where the tax adviser has been suspended due to the firm or the relevant individual not meeting the registration condition in s 224(2)(a) (late tax returns or overdue tax) an authorised HMRC officer **must** approve an application for temporary relief.

Where the tax adviser has been suspended for any other reason, an authorised officer **may** approve an application for temporary relief if the tax adviser has demonstrated that they would be unable to continue as a going concern if suspension is not put on hold pending the outcome of a review or appeal, and the officer is satisfied that it is appropriate to approve the application. In determining whether it is appropriate, the officer must have regard to the prospect of the review or appeal succeeding.

Temporary and permanent ineligibility orders

Where a financial penalty has been issued for repeated contravention by a firm and/or relevant individual of a compliance notice or suspension, HMRC must issue a temporary ineligibility order, which can have effect for a period of 12 months.

A temporary ineligibility order is an escalation from a compliance notice or suspension and precedes a permanent ineligibility order.

If contravention continues under a temporary ineligibility order, HMRC must issue a permanent ineligibility order and, where suspended, cancel the adviser’s registration. A permanent ineligibility order has effect indefinitely.

Ineligibility orders can be issued to both the firm and the relevant individual and, as noted above, are appealable.

Next steps

Tax advisers should familiarise themselves with the legislation on registration in Chapter 1 of Part 7, Schedule 20 and Schedule 21 of the Bill and initial HMRC guidance published on Tuesday 17 February. See ‘Check if and when you need to register as a tax adviser with HMRC’ at GOV.UK (tinyurl.com/yskhxzup) and ‘Check if you meet HMRC’s conditions to register as a tax adviser' at GOV.UK (tinyurl.com/bdz5yyx6).

HMRC guidance will be vital to help agents navigate how the legislation applies to their firms and there are significant gaps in the initial guidance published by HMRC. We are urging HMRC to publish more detailed guidance as soon as possible and, given the level of interest in this legislation, the CIOT and ATT have gone ahead and prepared a set of frequently asked questions based on our understanding of the position (see tinyurl.com/y5zp8fw3 for CIOT FAQs and tinyurl.com/rb3rvuk5 for ATT FAQs).

CIOT and ATT will be publishing further updates on their websites and LinkedIn, and are planning to run a webinar in April 2026 to support members.

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