

**EXPLANATORY MEMORANDUM TO**  
**THE INCOME TAX (PROFESSIONAL FEES) ORDER 2013**

**2013 No. 1126**

1. This explanatory memorandum has been prepared by HM Revenue and Customs.
  
2. **Purpose of the instrument**
  - 2.1 The purpose of the Order is to:
    - allow tax relief for the trainee registration fee payable by a specialty registrar to the body which recommends specialty registrars to the registrar of the General Medical Council (GMC) for the award of a certificate of completion of training (CCT);
    - allow tax relief for fees paid by costs lawyers to the Costs Lawyer Standards Board (CLSB) in order to acquire a costs lawyer practising certificate;
  
  - 2.2 This Order will take effect from Friday 10<sup>th</sup> May 2013.
  
3. **Matters of special interest to the Select Committee on Statutory Instruments**
  - 3.1 None
  
4. **Legislative Context**
  - 4.1 The Order is being made to allow a deduction from earnings from an employment for the cost of the trainee registration fee payable by specialty registrars and for the cost of acquiring a costs lawyer practising certificate from the CLSB.
  
  - 4.2 It does so by adding the two fees to the Table at section 343(2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA). The Table sets out a list of mandatory fees for which a deduction from earnings from an employment is allowed.
  
  - 4.3 This Order is made under section 343(3) and (4) ITEPA.
  
5. **Territorial Extent and Application**
  - 5.1 This Order applies to all of the United Kingdom.
  
6. **European Convention on Human Rights**
  - 6.1 This Order amends primary legislation.

6.2 The Exchequer Secretary to the Treasury, David Gauke, has made the following statement regarding Human Rights:

“In my view, the provisions of the above Order are compatible with the Convention rights (as defined in section 1 of the Human Rights Act 1998)”.

## **7. Policy background**

- *What is being done and why*

7.1 Section 343 ITEPA was introduced to allow a deduction from earnings from employment for certain fees that someone is obliged to pay in order to practice a profession.

7.2 Doctors recruited into GMC approved core and/or specialty training programmes on or after 1 August 2007 are known as specialty registrars in all years of the programme. Specialty registrars are required to register with the body which is responsible for monitoring their training and recommending them to the GMC for the award of a CCT

7.3 Unless specialty registrars are registered with the body, that body will not be able to recommend them for the award of a CCT. Doctors who are not awarded the CCT, or an equivalent eligibility certificate, will not be added to the List of Registered Medical Practitioners held by the GMC which means that they would not be able to practice their profession in the UK. In some cases a fee is payable by the specialty registrar for registration and this Order covers the fee payable for that registration.

7.4 Following enactment of the Legal Services Act 2007, the CLSB was set up as the Approved Regulator of costs lawyers, under the delegated authority of the Association of Costs Lawyers (ACL). The Legal Services Board oversees the work of the CLSB to ensure all regulatory provisions introduced by the Legal Services Act 2007 and other prevailing legislation are met.

7.5 An individual must hold a costs lawyer practising certificate in order to practice as a costs lawyer. A fee is payable for the practising Certificate which is valid for one year.

## **8. Consultation outcome**

8.1 None.

## **9. Guidance**

9.1 HMRC's guidance on professional fees and subscriptions will be amended to include the fees covered by this Order.

## **10. Impact**

10.1 No impact on businesses, charities or voluntary bodies is foreseen.

10.2 No impact on the public sector is foreseen.

10.3 A separate Tax Information and Impact Note (TIIN) for the fee payable by specialty registrars and for the fee payable by costs lawyers will be published on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.

## **11. Regulating small business**

11.1 The legislation does not apply to business, it only applies to individuals.

## **12. Monitoring & review**

12.1 Both measures will be kept under review through communication with relevant taxpayer groups.

## **13. Contact**

**Basil Rajamanie** at HMRC Tel: 020 7147 2384 or email [basil.rajamanie@hmrc.gsi.gov.uk](mailto:basil.rajamanie@hmrc.gsi.gov.uk) can answer any queries regarding the application of the instrument to speciality registrars.

**Jamal Ali** at HMRC Tel: 020 7147 3134 or email [jamal.ali@hmrc.gsi.gov.uk](mailto:jamal.ali@hmrc.gsi.gov.uk) can answer any queries regarding the application of the instrument to costs lawyers.