EXPLANATORY MEMORANDUM TO

THE FINANCE ACT 2026 (REGISTRATION OF TAX ADVISERS) (EXCEPTIONS) REGULATIONS 2026

2026 No. 815

1. Introduction

1.1 This Explanatory Memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of His Majesty.

1.2 This memorandum contains information for the Select Committee on Statutory Instruments.

2. Declaration

2.1 Dan Tomlinson MP, Exchequer Secretary to the Treasury, confirms that this Explanatory Memorandum meets the required standard.

2.2 Chris Irwin, Deputy Director for Agent Policy at HMRC, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 James Fisher at HMRC can be contacted by email at the following address with any queries regarding the Instrument: raisingstandardsconsultation@hmrc.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The Instrument amends Schedule 20 of the Finance Act 2026 and creates new targeted exceptions to the legal requirement for tax advisers to register with HMRC before interacting with HMRC in relation to a client's tax affairs. The requirement to register was introduced in the Finance Act 2026 and is set out in section 223(1).

4.2 The Instrument adds to the current list of exceptions contained in Schedule 20 of the Finance Act 2026 and excepts Import One Stop Shop scheme ("IOSS") representatives[1] and advisers whose only relevant interaction with HMRC is in relation to either:

(i) a tax that is not payable to HMRC, such as council tax or non-domestic rates; or

(ii) the provision of a valuation of property under section 10 of the Commissioners for Revenue and Customs Act 2005 ("CRCA 2005").

4.3 As a result, IOSS representatives, advisers interacting with HMRC in relation to a tax that is not payable to HMRC, and advisers interacting with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005 may interact with HMRC in that capacity without first registering under the mandatory tax adviser

[1] An IOSS representative has the same meaning as in Schedule 9ZE to the Value Added Tax Act 1994: a representative acting in an accounting scheme for the distance selling of goods imported to Northern Ireland.

registration regime, provided they do not also interact with HMRC in ways that require registration under that regime (set out in section 223 of the Finance Act 2026).

Where does the legislation extend to, and apply?

4.4 The extent of this Instrument (that is, the jurisdiction(s) which the Instrument forms part of the law of) is the United Kingdom.

4.5 The territorial application of this Instrument (that is, where the Instrument produces a practical effect) is the United Kingdom. Its practical effect is UK-wide because it changes the scope of the mandatory registration requirement for advisers who interact with HMRC on behalf of their clients.

5. Policy Context

What is being done and why?

5.1 The Finance Act 2026 introduced a change to ensure that tax advisers interacting with HMRC on behalf of clients register and meet minimum standards, unless a specific exception applies. Mandatory registration will improve HMRC's ability to identify and stop tax advisers who don't meet these standards from accessing sensitive taxpayer information and interacting with HMRC on their client's behalf.

5.2 This Instrument introduces an exception for IOSS representatives who only interact with HMRC in their capacity as such a representative.

5.3 The IOSS scheme is a simplified VAT accounting scheme that facilitates the collection of VAT on certain low value goods imported from outside the EU and Northern Ireland (NI). Traders established in NI can register directly for the UK IOSS scheme, whereas traders not established in NI must appoint an NI-established IOSS representative who will register them for the scheme. The representative will then report and pay any VAT due to HMRC on their behalf. The registration portal for IOSS representatives opened on 1 April 2026.

5.4 IOSS representatives are already required to register with HMRC, and are subject to appropriate oversight, under the separate IOSS registration framework. Requiring them to also register under the mandatory tax adviser registration regime would duplicate existing requirements and create unnecessary administrative burden. This Instrument therefore excludes IOSS representatives from the requirement to register with HMRC under the mandatory tax adviser registration regime, whilst ensuring they remain subject to appropriate oversight through the separate IOSS registration scheme.

5.5 This Instrument also introduces exceptions for advisers whose only relevant interaction with HMRC is in relation to a tax that is not payable to HMRC, such as council tax or non-domestic rates, or in relation to the provision of a valuation of property under section 10 of CRCA 2005. These exceptions ensure that the registration requirement remains targeted at relevant tax adviser activity. They prevent advisers from being required to register where their only interaction with HMRC on behalf of clients is in relation to those excepted matters.

5.6 If IOSS representatives, advisers interacting with HMRC in relation to a tax that is not payable to HMRC, or advisers interacting with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005 also undertake any in-scope tax adviser activities, they will still be required to register under the mandatory tax adviser registration regime.

What was the previous policy, how is this different?

5.7 At present, IOSS representatives, advisers interacting with HMRC in relation to a tax that is not payable to HMRC, and advisers interacting with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005 are in scope of mandatory registration with HMRC.

5.8 This Instrument excludes those advisers from the requirement to register with HMRC through the mandatory tax adviser registration regime where their only relevant interaction with HMRC is in one of the excepted capacities or in relation to one of the excepted matters.

6. Legislative and Legal Context

How has the law changed?

6.1 This Instrument introduces additional exceptions to the requirement for tax advisers to register with HMRC before interacting with HMRC in relation to a client's tax affairs. The Instrument is made pursuant to section 247 of the Finance Act 2026, which confers a power on HM Treasury to amend the list of exceptions contained in Schedule 20 of the Finance Act 2026 for the purposes of section 223(1) (prohibited interaction with HMRC).

6.2 Schedule 20 to the Finance Act 2026 does not currently contain exceptions for IOSS representatives, advisers interacting with HMRC in relation to a tax that is not payable to HMRC, or advisers interacting with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005. This Instrument amends Schedule 20 to provide specific exceptions from the requirement to register as a tax adviser with HMRC under section 223(1).

Why was this approach taken to change the law?

6.3 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 A public consultation on the policy to introduce mandatory tax adviser registration was held in 2024. The consultation sought views from tax and accountancy professional bodies, groups from sectors such as legal, payroll, and pensions, as well as tax experts operating in the market. Respondents strongly supported the introduction of mandatory registration, stating that it could enhance the security of tax adviser services and deter unscrupulous actors.[2]

7.2 An eight-week technical consultation on the draft legislation for this measure, for inclusion in the Finance Act 2026, took place in summer 2025.[3] Stakeholder feedback received during that consultation informed the development of the primary legislation. This included limiting registration checks on directors, partners and those of similar roles, to those who hold direct control or authority of the tax advice provided by the firm. Alongside this, HMRC changed the term used to describe these persons from

[2] Policy consultation: https://www.gov.uk/government/consultations/raising-standards-in-the-tax-advice-market-strengthening-the-regulatory-framework-and-improving-registration

[3] Technical consultation: https://www.gov.uk/government/publications/modernising-and-mandating-tax-adviser-registration-with-hmrc

'senior manager' to 'relevant individual' as the former term was thought to create confusion around who would be subject to checks as part of the firm's registration. Additionally, feedback on the impact of the inclusion of payroll services providers resulted in this group being required to register from a later date to provide them with more time to prepare for registration. There was also refinement of the sanctions and safeguards framework in response to stakeholder feedback, to ensure that sanctions are proportionate and good tax advisers are protected from harm. Other feedback was received and considered but not implemented where it was contrary to the policy intention.

7.3 At the time of these consultations in 2024 and 2025, registration to act as an IOSS representative was not available (it was not introduced until 1 April 2026). Since there were no IOSS representatives registered under the UK IOSS scheme, it did not form part of the consultation discussions. However, following the introduction of the registration scheme for IOSS representatives, stakeholder engagement identified that an exception for IOSS representatives was in line with existing exceptions and policy principles.

7.4 The specific exceptions for interaction with HMRC in relation to a tax that is not payable to HMRC, and for interaction with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005, were not separately consulted on. HMRC considers further consultation unnecessary because the exceptions are narrow and deregulatory in effect.

7.5 There were no separate consultations carried out on the specific contents of this Instrument.

7.6 Devolved governments were consulted on whether the policy falls within devolved powers. The policy was confirmed to be reserved, and no devolution issues arise in relation to this Instrument.

8. Applicable Guidance

8.1 Guidance has been published in relation to the mandatory tax adviser registration policy. It sets out the operation of the registration requirement and includes a list of statutory exceptions. The guidance has been updated to reflect the new exceptions for IOSS representatives, advisers interacting with HMRC in relation to a tax that is not payable to HMRC, such as council tax or non-domestic rates, and advisers interacting with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005.[4]

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A Tax Information and Impact Note (TIIN) has not been prepared for this Instrument as it makes targeted exceptions and removes the negligible administrative burdens associated with registration for the affected groups. A Tax Information and Impact

[4] Mandatory Tax Adviser Registration Guidance: https://www.gov.uk/guidance/check-if-and-when-you-need-to-register-as-a-tax-adviser-with-hmrc

note was published at Budget 2025 on the GOV.UK website.[5] It remains an accurate summary of the impacts of the mandatory tax adviser registration scheme.

Impact on businesses, charities and voluntary bodies

9.2 The impact on business, charities or voluntary bodies is beneficial as this Instrument will remove the negligible administrative burdens associated with registration for IOSS representatives, advisers interacting with HMRC in relation to a tax that is not payable to HMRC, and advisers interacting with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005.

9.3 The Instrument will not have a significant impact on small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because this Instrument does not introduce a new statutory requirement; instead, it amends the scope of an existing one. Excluding IOSS representatives, advisers interacting with HMRC in relation to a tax that is not payable to HMRC, and advisers interacting with HMRC in relation to the provision of a valuation of property under section 10 of CRCA 2005 from the registration requirement will not affect HMRC's processing requirements. However, it may create additional requirements to ensure that these stakeholder groups are aware of the exceptions.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this Instrument will be considered as part of HMRC's ongoing oversight of the mandatory tax adviser registration regime.

10.2 The Instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, the Exchequer Secretary to the Treasury has made the following statement:

"It is not appropriate to make provision for review because it does not impose a significant economic impact on businesses and a review provision is therefore disproportionate in the circumstances."

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This Instrument amends primary legislation, namely Schedule 20 of the Finance Act 2026. It is the first use of the power in section 247 of that Act to amend Schedule 20, which includes the list of exceptions to the mandatory tax adviser registration requirement.

12. European Convention on Human Rights

12.1 The Exchequer Secretary to the Treasury has made the following statement regarding Human Rights:

"In my view the provisions of the Finance Act 2026 (Registration of Tax Advisers) (Exceptions) Regulations 2026 are compatible with the Convention rights."

[5] Tax Information and Impact Note: https://www.gov.uk/government/publications/mandatory-tax-adviser-registration-with-hmrc/tax-advisers-to-register-with-hmrc-and-meet-minimum-standards

13. The Relevant European Union Acts

13.1 This Instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").