EXPLANATORY MEMORANDUM TO

THE INCOME TAX (EXEMPTION OF MINOR BENEFITS) (AMENDMENT) REGULATIONS 2007

2007 No. 2090

1. This explanatory memorandum has been prepared by the Treasury and is laid before the House of Commons by Command of Her Majesty.

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

2. Description

These Regulations provide for one health screening and one medical check up per employee per year to be exempt from the charge to income tax. This exemption applies where health screenings are made available to all employees and medical check ups are available to all employees or those who have been identified as at particular risk following health screening.

3. Matters of special interest to the Select Committee on Statutory Instruments

None

4. Legislative Background

4.1 These Regulations are made in exercise of the powers conferred by section 210 of the Income Tax (Earnings and Pensions) Act 2003.

4.2 Corresponding provisions are made by the Social Security (Contributions) (Amendment) Regulations 2007

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 It has long been the stated practice of HMRC that where an employer provides their employees with health screening or a medical check up it should not be considered a taxable benefit. However this view has recently been called into question and HMRC now consider that a tax charge might arise on such provision.

7.2 For the avoidance of doubt, and to ensure fairness across the workforce, it has been decided to introduce regulations to formally exempt from tax the provision of health screening and medical check ups that are made available by employers to all their employees.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no significant impact on business, charities or voluntary bodies

8.2 There is no impact on the public sector.

9. Contact

Paul Harris at HM Revenue & Customs Tel: 020 7147 2528 or e-mail: paul.harris@hmrc.gsi.gov.uk can answer any queries regarding the instrument.