



TAX and Accounting Newsletter January 2026

→ <https://chacc.co.uk/>



Headlines

-  HMRC U-turn: Locum Doctor Services Now Exempt from VAT
-  UK to Share Property Ownership Data Internationally Under New OECD Rules
-  Budget Boosts EMI and Investment Reliefs to Support Scale-Ups



Clear House Accountants
Business Accountants and Advisors

SUBSCRIBE

View our comprehensive Library of Informative You-tube videos.

HMRC U-turn: Locum Doctor Services Now Exempt from VAT

Following a tribunal ruling in favour of the Isle of Wight NHS Trust, **HMRC has updated its VAT policy**. The supply of **locum doctors** who perform the duties of a registered medical practitioner is now considered **VAT exempt**, not standard rated as previously argued by HMRC.

This decision affects **NHS bodies, private healthcare providers, and employment businesses** supplying locums. If you have charged VAT on locum services in the past four years, **you may be eligible to reclaim overpaid VAT**.

Background: Tribunal ruling overturns HMRC's position

The First Tier Tribunal ruled in September that the **supply of locum doctors** should fall under **Item 5, Group 7, Schedule 9 of the VAT Act 1994**, which provides an exemption for medical services. HMRC had claimed the exemption did not apply, but the tribunal disagreed.

This case served as a lead for at least 13 other NHS Trusts and prompted HMRC to revise its policy.

Updated HMRC guidance issued 15 December

HMRC now accepts that:

- The supply of temporary medical staff (such as locum doctors) **can be exempt from VAT**
- Output VAT charged in error **can be reclaimed**
- Refunds are available **within the last four years**, based on the accounting period in which the VAT was declared

Who can claim a refund?

You may be able to reclaim overpaid VAT if all the following apply:

- You supplied **locum doctors**
- You charged **VAT at the standard rate**
- You now believe the supply **should have been exempt**
- The overpayment occurred **within the last four years**

Only the **original supplier** who declared and paid the output VAT can make the claim. If you pass the benefit to your customers, you must ensure you are **not unjustly enriched**.

How to make a claim?

Depending on the size of the overdeclared amount, there are **two methods**:

1. **Adjust your VAT return** for the relevant period (for small amounts within the VAT return correction limit)
2. **Submit a formal error correction** using **form VAT652** (for larger claims or those beyond the adjustment window)

Further guidance is available from HMRC, including the thresholds and timeframes that apply.

Summary

- Supplies of locum doctors performing medical services are now **VAT exempt**

- **NHS trusts, private providers, and employment agencies** can review past VAT returns
- You may **claim back VAT paid in error within the past four years**
- Only the business that made the supply and declared the VAT can claim a refund

If you supply temporary medical staff and have charged VAT, you should review your past returns and consider making a claim.

UK to Share Property Ownership Data Internationally Under New OECD Rules

The UK will join 25 other countries in a new global effort to crack down on offshore tax evasion involving property. Under the **OECD's new IPI MCAA framework**, HMRC will begin **exchanging real estate ownership data automatically** with other tax authorities starting from **2029 or 2030**.

This marks a major step forward in international tax transparency, particularly for **property and real estate assets held across borders**.

What is the IPI MCAA?

The **Multilateral Competent Authority Agreement on Automatic Exchange of Readily Available Information on Immovable Property (IPIMCAA)** is a new OECD-led initiative designed to tackle:

- **Undeclared ownership** of overseas property
- **Hidden rental income** and **capital gains** from foreign real estate
- **Offshore structures** used to obscure beneficial ownership

Tax authorities will share key information on property owned by foreign residents, including data on legal and beneficial owners, purchase details, and property locations.

Who has signed up so far?

The UK is one of **26 initial signatories**, alongside France, Germany, Spain, Ireland, Portugal, Brazil, South Africa, and others. However, **key jurisdictions like the US, Australia, UAE, Switzerland, and India are not yet participating**, which may limit the early scope of the initiative.

Despite this, the framework is expected to expand as international pressure grows.

What does this mean for UK taxpayers?

This measure is likely to increase scrutiny on UK residents who:

- Own **property abroad**
- Receive **rental income** from overseas properties
- Have **sold foreign property** and not reported gains
- Use **offshore structures** to hold UK property

HMRC already has access to a large amount of domestic property data via the **Land Registry** and the **Register of Overseas Entities**. This new agreement extends that visibility **beyond UK borders** and is intended to support targeted **compliance checks and investigations**.

Key takeaways for advisers and property owners

- **UK-based individuals** who own property overseas should review whether they have correctly reported any rental income or gains from disposals.
- **Overseas companies** that own UK real estate may also be subject to greater scrutiny, as HMRC shares and receives ownership data across borders.
- **Tax planning involving offshore structures** should be revisited, as the use of nominee entities or foreign companies to conceal ownership will become increasingly ineffective.
- HMRC is expected to link this new property data with other sources, such as the **Common Reporting Standard, Register of Beneficial Owners, and Crypto-Asset Reporting Framework** (due in 2026).

When does it begin?

The UK plans to begin **exchanging data under the new regime by 2029 or 2030**. The delay allows time for legal frameworks to be updated and for IT systems to be aligned with other jurisdictions.

The **Finance Bill 2025–26** is expected to contain enabling legislation.

Summary

- The UK has committed to joining the OECD's global property transparency agreement
- Starting in 2029 or 2030, HMRC will share and receive data on property ownership with other participating countries
- The aim is to crack down on **offshore tax avoidance and evasion** involving real estate
- UK residents who own property abroad are advised to **review their tax affairs now**, before data begins flowing across borders
- This move complements existing data-sharing tools, including the Common Reporting Standard and upcoming crypto reporting rules

If you or your clients hold property overseas, now is the time to ensure all rental income and capital gains have been declared. The window for voluntary disclosure may soon close.

Budget Boosts EMI and Investment Reliefs to Support Scale-Ups

While this year's Budget was relatively light on measures for business, one standout move was the **expansion of the Enterprise Management Incentive (EMI) scheme**. From **6 April 2026**, significantly more businesses will qualify for EMI, making it easier for growing companies to attract and retain top talent through tax-advantaged share options.

What's changing with EMI?

From April 2026:

- The **employee limit** will increase from **250 to 500**
- The **gross assets cap** will rise from **£30 million to £120 million**
- The **company option cap** will increase from **£3 million to £6 million**
- The **maximum holding period** will extend from **10 to 15 years**

These changes will benefit:

- **Employees**, who can access income tax and NIC reliefs and CGT advantages
- **Employers**, who can claim enhanced **corporation tax and NIC reliefs**

This expansion opens the door for **larger scale-ups** to use EMI options, which were previously limited to smaller early-stage companies.

Wider support for business growth

The government also announced enhancements to **venture capital trusts (VCTs)** and the **Enterprise Investment Scheme (EIS)**, allowing investors to continue backing companies **beyond the start-up phase**.

However, there is a key trade-off: the **upfront VCT income tax relief will fall from 30 percent to 20 percent**, reducing the immediate tax advantage for investors.

Even so, the broader message is one of **long-term support for innovation and growth**. The announcements provide clarity and continuity for both business owners and investors planning scale-up journeys.

Capital allowances: Some good news, some caution

The Budget also included **helpful first-year capital allowances**, though advisers note that the overall structure of reliefs still needs careful reading. Businesses investing in equipment or infrastructure should review the detail to understand how much benefit they can actually claim.

Summary

- **EMI eligibility thresholds will double**, allowing more companies to offer tax-efficient share options
 - **Investment scheme limits are increasing**, helping investors continue backing growing businesses
 - **Upfront VCT relief is being reduced**, so investors will need to reassess tax planning
 - Businesses should begin planning now to make the most of these changes ahead of April 2026
- *****

Interesting Reads

[Public Limited Company: Advantages and Disadvantages](#)

There are many business structures in the UK, and a public limited company is the most prominent among larger entities seeking public investment.

[Key Budget Summary Updates – Latest Budget Summaries](#)

A UK Budget, also called a Financial Statement, is a formal statement of the government's economic and fiscal policy. The Chancellor of the Exchequer presents the budget to the House of Commons to announce major fiscal changes, including taxation and economic forecasts from the Office for Budget Responsibility (OBR).

[HMRC Self-Assessment Forms | A Complete Guide](#)

In the UK, individuals and certain entities are required to submit self-assessment tax returns to HMRC, declaring their income, expenses, and profits.



Copyright © 2026 Clear House Accountants, All rights reserved.

Our e-mail address is:

clearhouse@chacc.co.uk

Want to change how you receive these emails?

You can [unsubscribe](#) from this list.