



## COVID-19 TESTS FUNDED BY EMPLOYERS

Issued 4 February 2021

### Text of representation sent on 23 January 2021 to HMRC by ICAEW Tax Faculty

We should welcome confirmation that the exemption for relevant coronavirus antigen tests paid for by employers will continue after 5 April 2021 and clarification in HMRC's guidance to help employers and employees understand the difference between antigen tests (covered by the exemption) and antibody tests (not covered)

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For more information, please contact: [representations@icaew.com](mailto:representations@icaew.com)

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We note that HMRC's guidance regarding COVID-19 tests at [How to treat certain expenses and benefits provided to employees during coronavirus \(COVID-19\) - GOV.UK](#) has been updated to say that '... employers and their employees will not be liable to any Income Tax or National Insurance contributions, where an employee receives money from their employer for obtaining a test'. However, no end date is cited.

On 15 December the government [announced](#) that legislation will be introduced to make this tax and NIC free, and that the legislation would have effect from 25 January 2021 until 5 April 2021, and before 25 January HMRC will use its collection and management powers to not collect any income tax and NIC due on the advance payment or reimbursement of the cost of a relevant coronavirus antigen test from 6 April 2020.

We should welcome confirmation in the guidance of the position after 5 April 2021. If the pandemic continues, will HMRC use its collection and management powers to not collect income tax and NIC or could the opportunity be taken to include in the legislation that will be tabled a power to extend its end date beyond 5 April 2021, perhaps by way of Treasury Order?

We should also be grateful if the guidance would clarify which tests are covered by the exemption and which are not. The regulations ([2020 No. 1293](#)) effective from 8 December and the 15 December announcement make it clear that only antigen tests, those that can "detect the presence of a viral antigen or viral ribonucleic acid (RNA) specific to severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)", are exempt, leaving antibody tests, which check if someone previously had the virus, chargeable to income tax and NIC if funded by the employer.

## APPENDIX 1

### ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. **Statutory:** tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. **Certain:** in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. **Simple:** the tax rules should aim to be simple, understandable and clear in their objectives.
4. **Easy to collect and to calculate:** a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. **Properly targeted:** when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. **Constant:** Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. **Subject to proper consultation:** other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. **Regularly reviewed:** the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. **Fair and reasonable:** the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. **Competitive:** tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see <https://goo.gl/x6UjJ5>).