

Human Resources
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Dear TCP colleague,

Widening Access Training Scheme (WATS) Trainees Clinical Psychologist (TCP) – HMRC Update.

I am writing to update you on some new information the Trust recently received from HMRC in relation to the TCP course, and whether or not you qualify for a rebate of tax whilst you are or were a trainee.

Over the last four years, you will be aware that there have been a number of directives given to NHS Trusts, including this trust, from HMRC whereby they outlined who may or may not qualify for a tax rebate, based on their strict criteria.

In 2015/16, HMRC announced that a significant number of NHS workers had paid income tax and National Insurance Contributions (NIC) incorrectly and as a result were due a refund of these overpayments.

In January 2017, based on the directives from HMRC, a number of TCPs received some rebates in the 16/17 financial year. The rebate process was then put on hold following a letter received from HMRC in February 2017 in which HMRC stated that their opinion was that TCPs did not meet the qualifying conditions for relief from income tax and NICs.

The trust was informed that HMRC would not be seeking to recover any rebates paid out in January 2017 but also that the trust was required to follow and administer any remaining applications received for WATS in accordance with HMRC's February 2017 opinion and updated guidance, which stated that TCPs were not eligible for a rebate under WATS.

Following a vast number of queries from TCP cohorts' representation and correspondence from the trust, HMRC wrote again to the trust in March 2018. In their letter, dated 15 March 2018, HMRC stated again that TCPs did not meet the qualifying conditions of a tax rebate under WATS or otherwise. Their letter also outlined a number of strict criteria which the trust was required to use to measure who might be eligible. When the trust made this assessment, based on HMRC's rules, the trust concluded that no TCPs qualified for a rebate.

This unfortunately led to a lot of confusion, particularly because the letter sent by HMRC to the trust on 15th March 2018 differed from information being provided to TCPs who contacted HMRC directly.

Following further correspondence and advice, in December 2018 the trust requested urgent clarification of the matter from HMRC. HMRC wrote to the trust to clarify their position and the interpretation of their letter dated 15th March 2018 and the points raised in that clarification were confirmed in a telephone conversation with HMRC.

The revised HMRC directive applies only to TCPs. It does not apply to any other trainees.

For TCPs, the action you will now need to take depends on which of the three scenarios outlined below (as provided by HMRC) applies to you:

1. TCPs that commenced training prior to 6 April 2013: HMRC have advised that you need to contact them directly to apply for a rebate.
2. TCPs that commenced training after 6 April 2013, but before February 2017: HMRC have advised the trust to ignore the criterion that requires you to have been an existing NHS employee prior to commencement of training. HMRC also advised that all other criterion, with the exception of scholarship income, are likely to be met but have asked the trust review and check that this is the case. The trust has been advised that it can disregard the scholarship criterion where all others are met in order to process rebates.
3. TCPs that commenced training after February 2017 (that is when HMRC issued advice stating that TCP are not eligible): you are not eligible for NIC and or income tax exemptions in respect of your income during training.

We are now liaising with the relevant universities to ensure we have a comprehensive list of all the trainees and cohorts who are within scenario 2. Once this exercise is complete we will notify payroll, and they will then undertake the manual calculation to determine any amount of rebate that you are entitled to. Such rebate will be paid through payroll and individuals eligible for this will be notified accordingly.

The timeline that we are working to is as follows: -

1. TCPs that are existing C&I employees will receive their rebate on or around 28 March 2019.
2. TCPs that have left C&I within the current financial year will receive their rebate on or around 28 March 2019 (subject to receipt of application form and confirmation of bank details)
3. All other TCPs that meet the criteria outlined by HRMC in scenario 2, but who have not worked for C&I in the current financial year, will be issued a rebate as soon as C&I has received your application form and confirmation of bank details. These payments are planned to start on or around 28 April 2019.

You are advised to seek independent financial advice on how any rebate may impact on your tax code, tax credit and state pension.

Yours sincerely

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