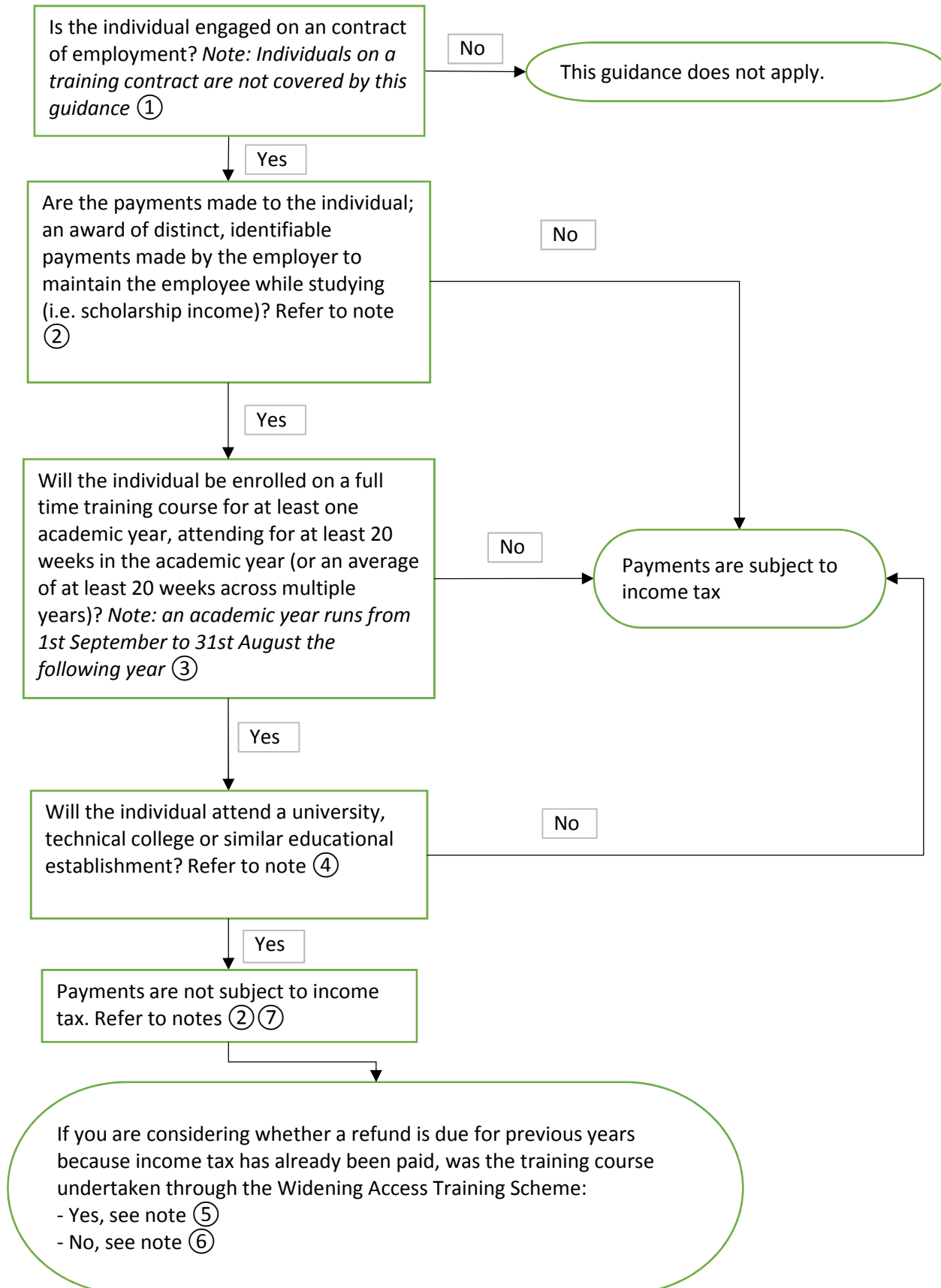


## Process for determining whether income tax is payable on payments made to NHS employees



## Notes (1/2)

① Contracts of training are not covered by this guidance and further information about how to determine the nature of a contract can be found here; <https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm2600>

② Scholarship income (sometimes referred to as training allowance or educational award), an award of distinct, identifiable payments made by an employer to maintain an employee while studying on a full time course at a university, college or similar recognised educational establishment. More information here; <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim06205>

③ The academic year runs from 1<sup>st</sup> Sept to 31<sup>st</sup> Aug following year. E.G. If a course begins Sept 2017 and runs for at least 20 wks to July/Aug 2018, this is one academic year. If a course begins on 1<sup>st</sup> March 2018 and runs to 29<sup>th</sup> February 2019, this will cross two academic years as shown below:

1<sup>st</sup> academic year – 1<sup>st</sup> March 2018 to 31<sup>st</sup> Aug 2018

2<sup>nd</sup> academic year - 1<sup>st</sup> Sept 2018 to 29<sup>th</sup> Feb 2019

If a course crosses more than one academic year, the individual must be attending for an average of at least 20 weeks across multiple years.

④ The educational establishment must be open to members of the public generally, offer more than one course of practical or academic instruction, and must not be run by the employer or someone connected with the employer. For example an employer's internal training school or an establishment run by the employer's trade organisation will not satisfy the educational establishment condition.

⑤ When considering refunds for previous years for training courses undertaken through the Widening Access Training scheme, please note the following:

**-For any courses starting before 6th April 2013**, claims should be submitted to HMRC for processing refunds using a schedule as per the agreed process.

**-For any courses starting on or after 6th April 2013:**

- operate the EYU process for any finalised years by using balance adjustments and submission of EYU
- adjust FPS for current year. This should be done by adjusting the elements for the year to date figures on the employee record. This will then report the appropriate figures on the next FPS submitted to HMRC

⑥ For any training courses **not** undertaken through the Widening Access Training scheme the statutory time limits apply and the standard business as usual process should be followed for any refunds required for past years

SEE NOTES CONTINUATION

## Notes Continuation (2/2)

⑦ If the annual payments (including lodging, subsistence and travelling allowances, but excluding any tuition fees payable by the employee to the university etc.) exceed £15,480, HMRC may look at the arrangements in detail. This is because the level of payment exceeds what might reasonably be described as a scholarship income or training allowance. However, an increase in the rate of payment over the qualifying limit, part way through a course, will not affect the exemption applying to any payments for the earlier part of the course

IF EMPLOYER/TRUST/ORGANISATION NO LONGER EXISTS AND RELEVANT PAYROLL DETAILS ARE NOT HELD, THE INDIVIDUAL SHOULD BE ADVISED TO CONTACT HMRC DIRECTLY. PLEASE ENSURE THE INDIVIDUAL ADVISES HMRC THAT THE REASON FOR CONTACT IS DUE TO THE TRUST BEING NO LONGER IN EXISTENCE.

Further guidance is available on HMRC.GOV.UK for employers here:

<https://www.gov.uk/guidance/widening-access-training-scheme-refund-income-tax-and-national-insurance-to-nhs-workers>

and for individuals here:

<https://www.gov.uk/guidance/widening-access-training-scheme-refunds-for-nhs-trust-workers>