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Legislative Update

UK Mandatory Tax Adviser Registration: Implications for In-House Tax Managers

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The UK Finance Act 2026, which has now received Royal Assent, introduces a mandatory registration regime for tax advisers. Registration is required if a “tax adviser”, defined broadly, interacts with HMRC in relation to the tax affairs of a client. The requirement applies to both UK and non-UK advisers.

Much attention has focussed on professional advisers but the regime also carries implications for in-house tax teams and other employees or consultants who interact with HMRC in relation to their organisation.

What Is a ‘Tax Adviser’?

A “tax adviser” is either an organisation or individual sole trader that, in the course of its business, assists others with their tax affairs.

If an organisation employs a tax manager, the organisation — not the individual — is the “tax adviser”.

As a starting point, a tax manager who is an employee of an organisation who interacts with HMRC solely in relation to their employer’s tax affairs would not fall within scope because there is no separate client.

However, if an individual is an employee of an organisation that assists other organisations (e.g., other group companies or investment funds) in relation to their tax affairs, that assisting organisation may fall within scope.

This distinction is functional rather than professional. Even if tax is not the organisation’s core business and regardless of any formal tax qualifications an individual has obtained, an organisation may still be considered a “tax adviser” for registration purposes.

What Is ‘Assisting’?

Assisting includes advising the other person in relation to tax, acting or purporting to act as agent on behalf of the other person in relation to tax, and providing assistance with any document that is likely to be relied on by HMRC to determine the other person’s tax position.

What Is 'Interacting With HMRC'?

"Interacting with HMRC" covers communication by phone, post or email; sending messages via HMRC websites; filing returns or other documents; and any other form of communication with HMRC.

If an organisation advises a client but does not interact with HMRC at all about that client's tax affairs, registration should not be required. Therefore, if a tax manager in one company provides advice to another company but that other company itself exclusively interacts with HMRC, then that should not trigger a registration.

Intra-Group Exemptions

The main exemption for in-house tax managers is the intra-group exemption. It applies to tax advisers who interact with HMRC in relation to a client that is a "group undertaking" in relation to the adviser.

"Group undertaking" takes its meaning from the Companies Act 2006, rather than a tax meaning. The test is by reference to "control". This may be through voting rights, the ability to appoint or remove a majority of the board of directors, or the right enshrined in constitutional documents or contracts to exercise a dominant influence.

It covers straightforward scenarios in which a parent company owns more than 50% of the share capital in the subsidiary and has consistent voting rights. This should exempt many in-house scenarios in which the tax function is provided by one company.

This does not, however, help scenarios in which a company with the tax function assists a <50% joint venture company with its tax affairs and interacts with HMRC in relation to that company. Nor will it help where an investment manager provides advice to a private equity fund where the investment manager and fund are not within the same group for Companies Act purposes.

What Should Organisations Do?

- Identify which individuals within the organisation interact, or may interact, with HMRC.
- Assess whether those interactions with HMRC relate only to the individuals' employer or other entities.
- Identify the entities in respect of which those persons interact with HMRC.
- Assess whether the intra-group exemption covers the activities.
- If the exemption does not apply:
 - Consider whether the activities could be restructured so that the adviser does not interact with HMRC, for example, by ensuring the client itself always communicates with HMRC and the adviser provides only internal advice, and evaluate whether this is practical to monitor.
 - Identify the organisation(s) that must register and start taking steps in relation to the registration process.

Process of Registration

To register, the organisation must identify certain "relevant individuals", broadly those who make decisions about how the organisation's tax adviser activities are managed or manage a substantial part of those activities. Those individuals, as well as the organisation, need to meet certain requirements (including, for example, that they have no outstanding tax returns).

Timing

Registration is expected to open in May 2026, with at least a three-month period for registration to take place.

However, UK Private Capital has reported that HMRC proposes to defer the implementation of mandatory registration for tax advisors in relation to in-house advisors within the financial services sector until 31 March 2027. It is as yet unclear how “financial services business” will be defined, and therefore which businesses will be within the scope of the deferral.

Risks of Failing to Register

Interacting with HMRC while unregistered can trigger compliance notices, penalties of £5,000-10,000 per offence, publication of adviser details and ineligibility orders preventing future registration.



If you have any questions concerning these developing issues, please do not hesitate to contact the following Paul Hastings lawyer:

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