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Raising standards in the tax advice market - an update

Mandatory tax adviser registration and the impacts on tax advice.

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From May 2026, all tax advisers who interact with HMRC on behalf of clients must register and meet minimum standards.

Currently, registration requirements for tax advisers vary by service. However, following the March 2024 consultation raising standards in the tax advice market: strengthening the regulatory framework and improving registration, stakeholders strongly supported mandatory registration, stating that it could enhance the security of tax adviser services and deter unscrupulous actors.

In its latest update for agents, HMRC says that, as most tax advisers will already meet the minimum standards, which includes basic legal requirements such as having Anti-Money Laundering Supervision, this change will ensure that tax advisers who are not fit to act are not able to access taxpayer data and use HMRC systems.

HMRC adds that it is committed to supporting good tax advisers through strong safeguards - no tax adviser will be suspended automatically, and HMRC will always work with tax advisers who are trying to comply in a timely way even if their case is complex. For example, suspending registration will only happen after clear warnings and a fair chance to comply, including providing a reasonable excuse.

The new system will replace existing HMRC registration routes with one streamlined digital process, making registration simpler and more consistent. HMRC says that it will continue to work with professional bodies and tax advisers to get the new system right.

HMRC recently published a policy paper setting out the details of this change to registration and meeting minimum standards.

In early 2026, HMRC will publish further guidance on GOV.UK explaining who needs to register, what they will need to do, and how to get in touch if something goes wrong. This will include step-by-step instructions and support to help tax advisers prepare ahead of May 2026. All tax advisers will have at least three months to register from May, and most tax advisers will have longer.

The Institute of Chartered Accountants in England and Wales (ICAEW) has warned that changes proposed in the current Finance Bill, which include the above, pose an “existential threat” to tax advisers, as the legislation, if passed in its present state, would expose accountants offering any tax advice to potential penalties and sanctions.

In addition to the above-mentioned mandatory registration, the Finance Bill 2025-26 introduces the following two key measures targeting tax advisers and promoters of tax avoidance...

- A new strict liability criminal offence for promoting tax arrangements deemed to have no reasonable prospect of success; and
- A lowered sanction threshold: The tax agent dishonest conduct regime will be extended, so that sanctions would be imposed for "doing something with the intention of bringing about a loss of tax revenue". This is a lower threshold than previously required.

Currently, the tax agent dishonest conduct regime is narrowly focused on dishonest behaviour. However, the proposed new wording lowers the bar, by introducing sanctions for any adviser who does something “with the intention of bringing about a loss of tax revenue.” Whilst it’s reasonable to assume this clause is aimed at those promoting aggressive avoidance schemes or outright fraud, PI insurers may decide it is possible that HMRC could use this clause against ‘normal’ accountants and tax advisers, and some advisers may be put off from giving standard, legitimate tax advice. This could be to the detriment of taxpayers who rely on advisers for clarity and compliance.

On the mandatory registration requirements for all tax advisers, whilst it has supported the principle, the ICAEW says that its concern lies in the lack of detail. It has questioned: Who will be responsible for overseeing this register? What qualifications or standards will apply? And will it be properly enforced?

The ICAEW also raised another significant concern with the draft legislation, in relation to overreaching information powers. The Bill proposes giving HMRC the ability to require data from digital platforms about advisers offering tax services. The ICAEW believes this could impact legitimate professionals offering services online, as the scope and implications are poorly defined and could catch out unintended targets.