



CLAIMING BACK THE COSTS OF TRAINING

INFORMATION FOR EMERGENCY MEDICINE TRAINEES

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Introduction

In July 2016, EMTA published the results of the Costs of Training Survey for Emergency Medicine, which estimated that the costs incurred by an average trainee in Emergency Medicine to achieve the bare minimum standards expected during training were approximately £15,000 over the course of six years of higher specialist training, from CT1 to ST6. Conservatively, I estimate that the average trainee in Emergency Medicine could save £6000 simply through being aware of their taxation entitlements.

Whilst many choose to go beyond the bare minimum, this document will focus on minimizing the costs to trainees of achieving the minimum standard required for completion of a recognized training program in Emergency Medicine leading to CCT, whilst working as an employee on PAYE.

Some of the arguments used here are not true for those not in training, or for those working towards CESR. Equally, your personal taxation may be rather more complex. The author is a registrar with an NTN in Emergency Medicine; the author of this document is **NOT IN ANY WAY FINANCIALLY QUALIFIED**, and this **DOES NOT CONSTITUTE FINANCIAL ADVICE**. The contents of this document have been checked by the RCEM accountants, Haysmacintyre, and this document is believed to be correct to the best of our knowledge as at 4 April 2017. However, individual Members and Fellows must take their own professional advice. The College is unable to provide advice and tax rules and regulations are subject to change over time.

The purpose of this document is merely to disseminate information to trainees on what costs of training may be claimed from HMRC, and elucidate the process of doing so. This document was first drafted in September 2016 as a follow up to the cost of training survey; whilst it will be revised periodically, this will be on an ad hoc basis. Responsibility for your personal finances rests with you!

Tax Basics

The tax year runs from 6 April to 5 April. Quite why this is I don't know – but it doesn't fit well with the average trainee who rotates in August! For most tax years, a doctor on an NTN will likely rotate between at least two employers, and in order to be able to claim back costs for training you will need to make sure you don't lose track of P45s and P60s, as well as any other relevant documentation required to make the claims, such as invoices.

Junior doctors are for the most part employees, paid on a Pay As You Earn (PAYE) system. Each year, there are different income tax thresholds, rates and allowances, which are published here:

<https://www.gov.uk/government/publications/rates-and-allowances-income-tax>

For the 2016-2017 tax year, the tax rates and bands are:

Band	Taxable income	Tax rate
Personal allowance*	Up to £11,000	0%
Basic rate	£11,001 to £43,000	20%
Higher rate	£43,001 to £150,000	40%
Additional Rate	Over £150,000	45%

*Reduces by £1 for every £2 of gross income over £100,000.

When a doctor reclaims tax for certain items, their cost is added to the personal allowance so that no tax is paid on them, which eats into the basic rate band – the lower threshold for higher rate tax payers does not change.

For doctors working at CT1 and above, the lowest point on the pay scale is £30,302 for 2016-2017. With a 1A banding, this increases to £45,453 – well into the higher rate tax band. For this reason, everything that is claimed back is effectively reimbursed at 40%.

If you meet any of the following criteria, you need to complete a self assessment tax return:

- you were self-employed - you can deduct allowable expenses
- you got £2,500 or more in untaxed income, for example from renting out a property or savings and investments - contact the helpline if it was less than £2,500
- your savings or investment income was £10,000 or more before tax
- you made profits from selling things like shares, a second home or other chargeable assets and need to pay Capital Gains Tax
- you were a company director - unless it was for a non-profit organisation (such as a charity) and you didn't get any pay or benefits, like a company car
- your income (or your partner's) was over £50,000 and one of you claimed Child Benefit
- you had income from abroad that you needed to pay tax on
- you lived abroad and had a UK income
- you got dividends from shares and you're a higher or additional rate taxpayer - but if you don't need to send a return for any other reason, contact the helpline instead
- your income was over £100,000
- you were a trustee of a trust or registered pension scheme
- you had a P800 from HMRC saying you didn't pay enough tax last year - and you didn't pay what you owe through your tax code or with a voluntary payment

HMRC and PAYE – basic principles

You may be able to claim tax relief if you have to use your own money for travel (not ordinary commuting) or things that you must buy for your job. You must have paid tax in the year you spent the money. How much you can claim depends on the rate you pay tax. You can only claim relief on things that are used just for your work, and which you don't use in your private life. You must be able to demonstrate that the expense was incurred wholly, exclusively and necessarily for the performance of your job. You can't claim relief on things you've spent money on if your employer has already provided you with an alternative. You must keep records of what you've spent, and submit the claim within 4 years of the end of the tax year that you spent the money. If your employer has paid back your expenses, you can't claim tax relief.

HMRC makes provision for Tax Relief for professional fees and subscriptions, and provides advice about this here: <https://www.gov.uk/tax-relief-for-employees/professional-fees-and-subscriptions>

HMRC also produce and regularly update a list of professional bodies they will reimburse membership costs of: <https://www.gov.uk/government/publications/professional-bodies-approved-for-tax-relief-list-3/approved-professional-organisations-and-learned-societies>

As a general rule, courses that *add* to your skill set are not claimable, whilst courses that *maintain* a skill set are: your first ALS course cost cannot be claimed from HMRC, but every subsequent one can be - as long as you paid for it yourself!

Common Professional Bodies for EM Trainees

The common medical bodies for Emergency Medicine trainees are as follows:

GMC – £425 from 1st April 2016 (<http://www.gmc-uk.org/doctors/fees.asp>)

BMA - £443 from 1st October 2015 (<https://www.bma.org.uk/membership/subscriptions>)

MDU or MPS - £200 approximately (customized quote)

Royal College of Emergency Medicine - £91 pre MRCEM, £293 post MRCEM, £712.50 post FRCEM

Training fee - £90

Using my own circumstance as an example, purely from my work as an ST4 in Emergency Medicine I spend £1463 annually; this amounts to £585.20 per year in tax refund.

College Examination Fees

It did not used to be possible for trainees to reclaim examination fees, as they were deemed developmental. For trainees working in Emergency Medicine as part of a nationally approved training program, continued employment as a trainee is contingent on making satisfactory progress. Following the case of Revenue & Customs Commissioners v Dr Piu Banerjee ([2010] EWCA Civ. 843) the situation changed significantly, and HMRC have issued the following advice, EIM32546, which states:

“A trainee doctor employed as a registrar on a training contract is required, as a stated contractual duty of the employment, to attend various external training courses. As part of the duties of the employment there is a mandatory requirement to maintain a national training number by attending a series of training courses and events. Failure to complete the course and obtain the qualification will mean that he cannot proceed to the next stage of his chosen profession.

“Attendance at the training events is an intrinsic part of the employment and one of the duties of the employment. The costs of travel to the events, course fees and other associated costs met by the employee are deductible.”

The costs of the RCEM exams can therefore all be reclaimed, together with the costs incurred in travel and accommodation essential for sitting the exam.

“Old” MRCEM consists of MRCEM A (£310), MRCEM B (£305), and MRCEM C as (£440), giving a total cost of £1055. “Old” FRCEM is made up of Critical Appraisal (£240), Critical Topic Review (£220), Management Viva (£295), FRCEM SAQ (£300) and FRCEM OSCE (£420), a total cost of £1475.

A trainee passing the old exams first time on everything will spend £2530 on RCEM exams alone, of which £1012 could be reclaimed. Whilst the figures vary for the new examination structure, the principal is the same, and this argument would be equally true for compulsory exams and training as

part of PHEM or ICM training. There is a template letter with appropriate references for HRMC as an appendix to this document.

Compulsory Courses

Trainees in Emergency Medicine are required to be current in ALS, APLS and ATLS, and to achieve sign off for competency in Level 1 Emergency Medicine Ultrasound. The logic that applies to RCEM exams can be applied to these compulsory requirements also, and though they have not been challenged in court they have been claimed successfully.

Over 6 years, trainees spend in excess of £4000 on resuscitation courses, and an average of £833 on ultrasound training. Of this, approximately £1600 could be reclaimed.

Travel to venues other than your normal place of work

Most trainees attend regional training days, often not at their normal hospital. You are entitled to claim for the mileage completed for this purpose, but you must have business use on your insurance policy. This usually adds very little if anything to the cost over and above a normal “Social, Domestic and Pleasure” policy. Current reimbursement is at 45 pence per business mile for the first 10,000 business miles and 25 pence per business mile thereafter.

The rates are published here: <https://www.gov.uk/government/publications/rates-and-allowances-travel-mileage-and-fuel-allowances/travel-mileage-and-fuel-rates-and-allowances#approved-mileage-rates-from-tax-year-2011-to-2012-to-present-date>

If you are not reimbursed as part of your locum contract, you can also claim mileage for commuting to your place of locum work if it is not your normal place of work.

Untaxed income

You are personally responsible for ensuring you pay the correct amount of tax. Remember that Police statements and Cremation forms are not taxed, and you need to inform HMRC of your untaxed income to ensure that you pay what you owe.

How to Claim

The process for making a claim depends on how much you are claiming. If you already complete self-assessment, you make claims through that process. If you don't, and your allowable expenses are under £2,500 for the tax year, fill in form P87. If you've made a successful claim in a previous tax year and your expenses are less than £1,000 (or £2,500 for professional fees and subscriptions), you may be able to make your claim by phone; often HMRC will simply continue to include the subscriptions in your tax code.

Appendix A: Template letter for HMRC

If completing self-assessment returns, you need to write to:

HMRC
Self Assessment
PO Box 4000
Cardiff
CF14 8HR

If you are not doing a self-assessment but just pay tax via PAYE then write to:

HMRC
PAYE
PO Box 1970
Liverpool L75 1WX

NI number :

Employer's PAYE reference if employed (not if self employed)

Personal UTR (Unique Taxpayer Reference) which is a 10-digit number usually shown as two groups of 5 digits (those doing Self assessment will have this on their statements)

Re: Tax adjustment for xxxx

Dear Tax Inspector

In tax year xxxx, whilst employed under a training contract to qualify as an Emergency Physician, I sat XX mandatory exams organised by the Royal College Emergency Medicine which were a requirement to complete my training. At that time I was informed that the substantial cost of these exams was not tax deductible.

However, I have reviewed your online guidance and it seems that following the case of Revenue & Customs Commissioners v Dr Piu Banerjee ([2010] EWCA Civ. 843) the situation changed significantly.

Your guidance EIM32546 states:

“A trainee doctor employed as a registrar on a training contract is required, as a stated contractual duty of the employment, to attend various external training courses. As part of the duties of the employment there is a mandatory requirement to maintain a national training number by attending a series of training courses and events. Failure to complete the course and obtain the qualification will mean that he can not proceed to the next stage of his chosen profession.

“Attendance at the training events is an intrinsic part of the employment and one of the duties of the employment. The costs of travel to the events, course fees and other associated costs met by the employee are deductible.”

Although Dr Banerjee was a dermatology registrar, this is clearly the same case in Emergency Medicine training. It is impossible to qualify as a consultant in Emergency Medicine without sitting and passing the exams, and if a trainee fails them, he/she is required to take them again until they pass. If, as a trainee, you are unable to pass or unwilling to sit the exams, your training contract would cease.

Furthermore, at EIM32530 the condition is made that “any personal benefit would be incidental and therefore not give rise to a dual purpose of the expenditure”. Once again, this is clearly the case because the sitting of an exam and the costs incurred in doing so in no way improved my ability to be a doctor; they merely tested them.

The details of my training contract, exams and expenditure are:

Name:

Training number:

GMC number:

This is a summary of what I paid to sit my mandatory professional examinations:

MRCEM A cost £xxxx paid on xxx,
MRCEM B cost £xxxx paid on xxxx,
MRCEM C, cost £xxxx paid on xxxx,
etc

Total cost of these is £xxxx, which I believe should have been deducted from my gross income for the purposes of tax in the year (s) xxxx.

For your evidence I have enclosed the following:

Proof of my Speciality Training in Emergency Medicine dated xxxx.

Printouts of my Examination results confirming my assessment dates and that I passed.

Proof of payments

I would be grateful for your response to this request, detailing how I go about reclaiming the overpaid tax for the year(s) in question.

Yours faithfully,