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Bulletin

charity tax group

20th July 2026

HMRC has announced a significant change to its VAT treatment of locum doctors, following the Tribunal decision in Isle of Wight NHS Foundation Trust. This bulletin outlines HMRC's revised position and what it could mean for charities that engage locum doctors.

VAT liability of temporary medical staff

HMRC have issued **Revenue and Customs Brief 6 (2026)** which sets out a change of policy on the VAT liability of supplies of locum doctors. This may be of interest to charities providing healthcare services and who engage locum doctors to provide cover.

HMRC now accepts that following the Tribunal decision in the **Isle of Wight Foundation Trust**, supplies of GMC registered locum doctors fall within the VAT exemption for health services. This includes locum doctors who are provided by employment agencies. HMRC previously considered that charges for locum doctors were normally subject to VAT as supplies of staff.

Although the Tribunal decision suggested that there may be wider application, the HMRC guidance is very clear that the revised policy applies to GMC registered locum doctors performing medical services in that capacity and not to other health professionals such as allied health professionals, anaesthesia and physician associates, or to the provision of ‘general staffing services’.

If you purchase in locum doctor services and have been charged VAT, you may wish to consider seeking a refund from your supplier in respect of earlier supplies. Whether any refund is due will depend on the contractual terms with your supplier and how VAT is described in that contract. Suppliers can make reclaims for the preceding four years, though some may already have lodged claims for earlier periods in the lead up to the Tribunal case above.

As ever, if you have any questions, please do not hesitate to contact our expert advisors at expert@charitytaxgroup.org.uk.

With my best wishes,

Luke Hall
Chief Executive Officer
Charity Tax Group

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