

6 January 2020

Dear Colleague,

Tax Liabilities Arising from Increases in Pensionable Pay

We are writing to you as Co-Chairs of the BMA's Medical Academic Staff Committee to update you on the position of medical academics regarding the tax liabilities arising from increases in pensionable pay, such as through additional programmed activities, waiting list initiative work or clinical excellence awards. Apologies for sending you a letter rather than an e-mail but we felt that it was important that as many medical academic members as possible saw this communication. We will be following it up through the BMA's e-newsletter.

As I am sure you are aware, pending a long-term solution from the Government, NHS England and Improvement (NHSEI) has proposed a scheme for 2019/20 whereby NHS England will pay additional payments in retirement to compensate clinicians who incur an annual allowance tax bill and who elect to pay this bill via 'Scheme Pays'. The BMA, whilst recognising that this is only an interim solution, has legally checked the offer and is sufficiently reassured that it is contractual. It binds NHS England and ultimately the UK government to making these payments in the future.

For clinicians working in secondary care, this offer is being made via NHS trusts. The mechanism is that the trusts will make the payments to the clinicians, and these payments will then be reimbursed by NHS England. NHS England has written to all NHS trusts and Foundation Trusts instructing them to make this offer to in scope clinicians. The inclusion criteria for this, as outlined in the template letter, are 'This will apply to registered doctors, nurses, AHPs and other clinicians in active clinical roles who are members of the 1995/2008 and 2015 NHS Pension Schemes'. These criteria certainly include clinical academics who are employed by other institutions but have honorary contracts with NHS trusts and NHS foundation trusts. Although clinical academics may not be paid directly by the NHS, they should not be excluded from this proposal. The advice that we have received from our Pensions Committee, who worked with NHS England on these proposals, is that NHS trusts and Foundation Trusts should also send the modified template letter to medical academics who are members of the NHS Pensions Scheme when it is being sent to directly employed consultants. If you haven't received such a letter from your honorary employer already, we urge you to contact your trust to request one.

The template letter can be found on the following page of the NHS England website:
www.england.nhs.uk/publication/action-on-2019-20-pension-tax-impacts-template-nhs-employer-letter-to-in-scope-employees/

We should add that this interim arrangement only applies to members of the NHS Pension Scheme. This is due to this being a proposal developed by NHS England. There are greater flexibilities available within the Universities Superannuation Scheme (USS) that may enable members of that scheme to mitigate the additional tax liabilities being faced by members of the NHS Pensions Scheme.

Chief executive officer: Tom Grinyer



The options open to you in USS are: cash in lieu of the employer's contribution; a zero-accrual option known as 'enhanced opt out'; and a scheme pays model. We advise that you contact your pensions adviser to ascertain what would be best for you and to negotiate that option with USS and your employer. However, the BMA firmly believes that in the long term the only solution is to scrap the annual allowance across all defined benefit schemes completely.

For further information on this issue please go to the Pensions page of the BMA website:
bma.org.uk/advice/employment/pensions

Amongst other things, you will find the BMA Goldstone pensions modeler which calculates annual allowance charges going forward for consultants (including clinical academics) across the UK in the 1995, 2008 and 2015 NHS pension schemes.

As noted previously, the arrangement proposed by NHS England is only interim for this financial year. The BMA continues to press for a long-term, equitable solution to this tax problem and to highlight that any solution must also apply to doctors employed outside the NHS.

I hope that this is helpful. If you have any further queries for the committee do email us at info.masc@bma.org.uk or for individual support and advice please contact support@bma.org.uk or phone 0300 123 1233.

Yours faithfully,



Dr David Strain
Co-Chair
Medical Academic Staff Committee



Dr Peter Dangerfield
Co-Chair
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