

Tax for Locum Doctors: Self Assessment, Expenses and Pensions

Locum work gives you flexibility but also makes you responsible for your own tax, expenses and pension. This guide covers the essentials for getting it right.

Tax year 2025/26 · Reviewed by Kiran Boparai · Last reviewed 6 June 2026 · Sources: gov.uk

CLASS 4 NIC	PERSONAL ALLOWANCE	PENSION ANNUAL ALLOWANCE	INCOME TAX RATES
6% · 2%	£12,570	£60,000	20% · 40% · 45%

01 Self-employed or limited company?

Most locums are self-employed, paying Class 4 NIC at 6% then 2% on profits, while some operate through a limited company as income rises. The right structure depends on your income level and how much non-NHS work you do.

i Your £12,570 personal allowance applies whichever structure you choose.

02 Registering for Self Assessment

If you are self-employed you must register with HMRC and file a Self Assessment tax return each year, reporting your locum income and expenses. Register early so you are ready before the filing and payment deadlines.

- Income tax bands of 20%, 40% and 45% apply to your profits
- Set money aside for tax and Class 4 NIC as you earn
- Keep clear records of every assignment

03 Allowable expenses

You can deduct costs incurred wholly and exclusively for your work, which reduces your taxable profit. For locums these are often substantial.

- Medical indemnity insurance
- GMC registration fees
- Training, courses and professional development
- Work travel and equipment

04 The NHS Pension Scheme for GP locums

GP locums can pension their NHS work through the scheme by completing Forms A and B within tight deadlines after each month's work. Only NHS work is pensionable; private work is not.

i Miss the Forms A and B deadlines and that month's NHS income may not count towards your pension.

05 IR35 and trust work

IR35 can apply when you provide services to an NHS trust through your own limited company, in which case the trust may assess your status. If you are inside IR35, the engagement is taxed like employment.

i Check each trust contract individually; status can differ between placements.

06 The annual allowance trap

The pension annual allowance is £60,000 but is tapered for higher earners, and annual allowance tax charges are a common and costly issue for senior clinicians. Monitor your pension growth across all NHS roles each year.

i A tax charge can arise even though you never see the money, so check your position before year end.

Common questions

Do I have to use a limited company as a locum?

No. Many locums remain self-employed and pay Class 4 NIC at 6% then 2%. A limited company can be worth considering as income grows, but it is not required.

Can I pension all my locum income?

Only NHS work is pensionable through the NHS Pension Scheme, and you must submit Forms A and B on time. Private work cannot be pensioned through the scheme.

What is the annual allowance charge?

If your pension growth exceeds the £60,000 annual allowance, which is tapered for higher earners, you can face a tax charge. It is a frequent issue for senior clinicians.

NEXT STEP

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