



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4 **U.K.**

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 10 **U.K.**

EXEMPTIONS: TERMINATION OF EMPLOYMENT

Outplacement benefits

310 **Counselling and other outplacement services** **U.K.**

- (1) No liability to income tax arises in respect of—
 - (a) the provision of services to a person in connection with the cessation of the person's employment, or
 - (b) the payment or reimbursement of—
 - (i) fees for such provision, or
 - (ii) travelling expenses incurred in connection with such provision, if conditions A to D and, in the case of travel expenses, condition E are met.
- (2) Condition A is that the only or main purpose of the provision of the services is to enable the person to do either or both of the following—
 - (a) to adjust to the cessation of the employment, or
 - (b) to find other gainful employment (including self-employment).
- (3) Condition B is that the services consist wholly of any or all of the following—
 - (a) giving advice and guidance,
 - (b) imparting or improving skills,

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- (c) providing or making available the use of office equipment or similar facilities.
- (4) Condition C is that the person has been employed full-time in the employment which is ceasing throughout the period of 2 years ending—
 - (a) at the time when the services begin to be provided, or
 - (b) if earlier, at the time when the employment ceases.
- (5) Condition D is that the opportunity to receive the services, on similar terms as to payment or reimbursement of any expenses incurred in connection with their provision, is available—
 - (a) generally to employees or former employees of the person’s employer in that employment, or
 - (b) to a particular class or classes of them.
- (6) Condition E is that the travel expenses are expenses—
 - (a) in respect of which, on the assumptions in subsection (7), mileage allowance relief under Chapter 2 of this Part would be available if no mileage allowance payments had been made, or
 - (b) which, on those assumptions, would be deductible under Part 5.
- (7) The assumptions are—
 - (a) that receiving the services is one of the duties of the employee’s employment,
 - (b) that the employee incurs and pays the expenses, and
 - (c) if the employment has in fact ceased, that it continues.
- (8) In this section “mileage allowance payments” has the meaning given by section 229(2).

311 Retraining courses **U.K.**

- (1) No liability to income tax arises in respect of the payment or reimbursement of retraining course expenses by a person (“the employer”) if the course conditions, the employment conditions and, in the case of travel expenses, the conditions in subsection (5) are met.
- (2) In subsection (1) “retraining course expenses” means—
 - (a) fees for the attendance of another person (“the employee”) at a training course,
 - (b) travelling expenses incurred in connection with it,
 - (c) fees for an examination taken during or at the end of it, or
 - (d) the cost of any books which are essential for a person attending it.
- (3) The course conditions are that—
 - (a) the course provides training designed to impart or improve skills or knowledge relevant to, and intended to be used in the course of, gainful employment (including self-employment) of any description,
 - (b) it is entirely devoted to the teaching or practical application (or both) of the skills or knowledge,
 - (c) it lasts no more than one year, and
 - (d) the employee attends it on a full-time or substantially full-time basis.
- (4) The employment conditions are that—

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- (a) the employee begins the course while employed by the employer or within the period of one year after the employment ceases,
 - (b) the employee ceases to be employed by the employer before the end of the period of 2 years beginning at the end of the course and is not re-employed by the employer within the period of 2 years after so ceasing,
 - (c) the employee is employed full-time in the employment which is ceasing throughout the period of 2 years ending—
 - (i) when the employee begins the course, or
 - (ii) if earlier, when the employment ceases, and
 - (d) the opportunity to undertake the course, on similar terms as to payment or reimbursement of amounts within subsection (1), is available—
 - (i) generally to the employee’s fellow employees or former fellow employees in that employment, or
 - (ii) to a particular class or classes of them.
- (5) The travel expenses must be—
- (a) expenses in respect of which, on the assumptions in subsection (6), mileage allowance relief under Chapter 2 of this Part would be available if no mileage allowance payments had been made, or
 - (b) expenses which, on those assumptions, would be deductible under Part 5.
- (6) The assumptions are—
- (a) that attendance at the course is one of the duties of the employee’s employment,
 - (b) that the employee incurs and pays the expenses, and
 - (c) if the employee has in fact ceased to be employed by the employer, that the employee continues to be employed by the employer.
- (7) In this section “mileage allowance payments” has the meaning given by section 229(2).

312 Recovery of tax **U.K.**

- (1) This section applies if—
- (a) a person’s liability to tax for a tax year has been determined on the assumption that section 311(1) applies, and
 - (b) subsequently—
 - (i) the condition in section 311(4)(a) is not met because of the person’s failure to begin the course within the period of one year after ceasing to be employed, or
 - (ii) the condition in section 311(4)(b) is not met because of the person’s continued employment or re-employment.
- (2) An assessment of an amount or further amount of tax due as a result of the condition not being met may be made under section 29(1) of TMA 1970.
- (3) Such an assessment must be made before the end of the period of 6 years immediately following the end of the tax year in which subsection (1) first applies.
- (4) If subsection (1)(b)(i) or (ii) applies, the person’s employer or former employer must give the Inland Revenue a notice containing particulars of the person’s failure to begin

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the course or continued employment or re-employment within 60 days of coming to know of it.

- (5) If the Inland Revenue have reason to believe that a person has failed to give such a notice, they may by notice require the person to provide such information as they may reasonably require for the purposes of this section about—
- (a) the failure to begin the course,
 - (b) the continued employment, or
 - (c) the re-employment.
- (6) A notice under subsection (5) may specify a time (not less than 60 days) within which the required information must be provided.

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