



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 5

EMPLOYMENT INCOME: DEDUCTIONS ALLOWED FROM EARNINGS

CHAPTER 3

DEDUCTIONS FROM BENEFITS CODE EARNINGS

Introduction

361 Scope of this Chapter: cost of benefits deductible as if paid by employee

A deduction from a person's earnings is allowed under the following provisions of this Chapter where—

- (a) the earnings include an amount treated as earnings under—
 - (i) Chapter 4 of Part 3 (taxable benefits: vouchers and credit-tokens),
 - (ii) Chapter 5 of Part 3 (taxable benefits: living accommodation), or
 - (iii) Chapter 10 of Part 3 (taxable benefits: residual liability to charge), and
- (b) an amount in respect of the benefit in question would be deductible under Chapter 2 or 5 of this Part if the person had incurred and paid it.

Deductions where amounts treated as earnings under the benefits code

362 Deductions where non-cash voucher provided

- (1) A deduction from earnings is allowed if—

Status: Point in time view as at 19/07/2005.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 3 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) the earnings include an amount treated as earnings under section 87(1) (cash equivalent of benefit of non-cash voucher treated as earnings),
 - (b) the voucher is exchanged for goods or services (whether in the tax year or a later year), and
 - (c) had the employee incurred and paid the cost of the goods or services in the tax year, the whole or part of the amount paid would have been deductible from the earnings under Chapter 2 or 5 of this Part.
- (2) The deduction is equal to the lesser of—
- (a) the amount treated as earnings, and
 - (b) the amount that would have been so deductible.

363 Deductions where credit-token provided

- (1) A deduction from earnings is allowed if—
- (a) the earnings include an amount treated as earnings under section 94(1) (cash equivalent of benefit of credit-token treated as earnings), and
 - (b) had the employee incurred and paid the cost of the goods or services obtained by using the token, the whole or part of the amount paid would have been deductible from the earnings under Chapter 2 or 5 of this Part.
- (2) The deduction is equal to the lesser of—
- (a) the amount treated as earnings, and
 - (b) the amount that would have been so deductible.

364 Deductions where living accommodation provided

- (1) A deduction from earnings is allowed if—
- (a) the earnings include an amount treated as earnings under Chapter 5 of Part 3 (taxable benefits: living accommodation), and
 - (b) had the employee incurred and paid an amount equal to that amount for the accommodation in the tax year, the whole or part of the amount paid would have been deductible under Chapter 2 or 5 of this Part.
- (2) The deduction is equal to the amount that would have been so deductible.

365 Deductions where employment-related benefit provided

- (1) A deduction from earnings is allowed if—
- (a) the earnings include an amount treated as earnings under Chapter 10 of Part 3 (taxable benefits: residual liability to charge) in respect of a benefit, and
 - (b) had the employee incurred and paid the cost of the benefit, the whole or part of the amount paid would have been deductible under Chapter 2 or 5 of this Part.
- (2) The deduction is equal to the amount that would have been so deductible.
- (3) For the purposes of this section, the cost of the benefit is determined in accordance with sections 204 to 206.

Status:

Point in time view as at 19/07/2005.

Changes to legislation:

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