



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 6

EMPLOYMENT INCOME: INCOME WHICH IS NOT EARNINGS OR SHARE-RELATED

CHAPTER 2

BENEFITS FROM [F1EMPLOYER-FINANCED RETIREMENT BENEFITS]

Valuation of benefits etc.

398 Valuation of benefits

- (1) In the case of a cash benefit, for the purposes of this Chapter the amount of a benefit is taken to be the amount received.
- (2) In the case of a non-cash benefit, for the purposes of this Chapter the amount of a benefit is taken to be the greater of—
 - (a) the amount of earnings (as defined in Chapter 1 of Part 3) that the benefit would give rise to if it were received for performance of the duties of an employment (money's worth), and
 - (b) the cash equivalent of the benefit under the benefits code if it were so received and the code applied to it.
- (3) For the purposes of subsection (2) the benefits code has effect with the modifications in subsections (4) to (6).
- (4) References in the benefits code to the employee are to be taken as references to the person by whom the benefit is received.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Valuation of benefits etc. is up to date with all changes known to be in force on or before 15 June 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) View outstanding changes

- (5) References in the benefits code to the employer are to be taken as including references to the former employer.
- (6) Where—
- (a) section 106 (cash equivalent: cost of accommodation over £75,000) applies, and
 - (b) the amount referred to in section 105(2)(b) (the sum made good) exceeds the amount referred to in section 105(2)(a) (the rental value),
- the amount to be subtracted under paragraph (b) of step 4 of the calculation in section 106(2) is that excess (and not only the excess rent referred to there).

399 Employment-related loans: interest treated as paid

- (1) This section applies if—
- (a) an amount consisting of, or including, an amount representing the benefit of a loan (“a taxable amount”) counts as employment income of an individual in a tax year under section 394(1), or
 - (b) the [^{F1}person who is (or any of the persons who are) the responsible person in relation to] a scheme is charged to tax on a taxable amount ^{F2}... under section 394(2).
- (2) The individual or the [^{F3}responsible person] is to be treated for all purposes of the Tax Acts (other than this Chapter) as having paid interest on the loan in the tax year equal to the amount representing the cash equivalent of the loan.
- (3) The interest is to be treated—
- (a) as accruing during the period in the tax year during which the loan is outstanding, and
 - (b) as paid at the end of the period.
- (4) The interest is not to be treated—
- (a) as income of the person making the loan, or
 - (b) as relevant loan interest to which section 369 of ICTA applies (mortgage interest payable under deduction of tax).

Textual Amendments

- F1** Words in s. 399(1) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **ss. 249(9)**, 284(1) (with [Sch. 36](#))
- F2** Words in s. 399(1)(b) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [s. 883\(1\)](#), [Sch. 1 para. 597](#), **Sch. 3** (with [Sch. 2](#))
- F3** Words in s. 399(2) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **ss. 249(10)**, 284(1) (with [Sch. 36](#))

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 452(2)(aa) inserted by [2013 c. 29 Sch. 23 para. 11](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)