



Finance Act 2014

2014 CHAPTER 26

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

INCOME TAX: GENERAL

Exemptions and reliefs

11 Tax relief for married couples and civil partners

- (1) ITA 2007 is amended as set out in subsections (2) to (8).
- (2) After section 55 insert—

“CHAPTER 3A

TRANSFERABLE TAX ALLOWANCE FOR MARRIED COUPLES AND CIVIL PARTNERS

Introduction

55A Tax reduction under Chapter

- (1) This Chapter contains provisions about the entitlement of a spouse or civil partner to a tax reduction in a case where the other party to the marriage or civil partnership has elected for a reduced personal allowance.
- (2) A tax reduction under this Chapter is given effect at Step 6 of the calculation in section 23.

Changes to legislation: Finance Act 2014, CHAPTER 2 is up to date with all changes known to be in force on or before 24 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

- (3) For the effect of section 809B (claim for remittance basis to apply) applying to an individual for a tax year, see section 809G (no entitlement to tax reduction).

Tax reduction

55B Tax reduction: entitlement

- (1) An individual is entitled to a tax reduction for a tax year of the appropriate percentage of the transferable amount if the conditions in subsection (2) are met.
- (2) The conditions are that—
- (a) the individual is married to, or in a civil partnership with, a person who makes an election under section 55C for the purposes of this section which is in force for the tax year (“the individual's spouse or civil partner”),
 - (b) the individual is not, for the tax year, liable to tax at a rate other than the basic rate, the dividend ordinary rate or the starting rate for savings,
 - (c) the individual meets the requirements of section 56 (residence) for the tax year, and
 - (d) neither the individual nor the individual's spouse or civil partner makes a claim for the tax year under section 45 (married couple's allowance: marriages before 5 December 2005) or section 46 (married couple's allowance: marriages and civil partnerships on or after 5 December 2005).
- (3) “The appropriate percentage” is the basic rate at which the individual would be charged to income tax for the tax year to which the reduction relates.
- (4) “The transferable amount”—
- (a) for the tax year 2015-16, is £1,050, and
 - (b) for the tax year 2016-17 and subsequent tax years, is 10% of the amount of personal allowance specified in section 35(1) for the tax year to which the reduction relates.
- (5) If the transferable amount calculated in accordance with subsection (4)(b) would otherwise not be a multiple of £10, it is to be rounded up to the nearest amount which is a multiple of £10.
- (6) If an individual is entitled to a tax reduction under subsection (1), the personal allowance to which the individual's spouse or civil partner is entitled under section 35 or 37 is reduced for the tax year by the transferable amount.
- (7) If an individual who is entitled to a tax reduction for a tax year under subsection (1) dies during that tax year, subsection (6) is to be ignored (but this does not affect the individual's entitlement to the tax reduction).

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Election to reduce personal allowance

55C Election to reduce personal allowance

- (1) An individual may make an election for the purposes of section 55B if—
 - (a) the individual is married to, or in a civil partnership with, the same person—
 - (i) for the whole or part of the tax year concerned, and
 - (ii) when the election is made,
 - (b) the individual is entitled to a personal allowance under section 35 or 37 for that tax year,
 - (c) assuming the individual's personal allowance was reduced as set out in section 55B(6), the individual would not for that year be liable to tax at a rate other than the basic rate, the dividend ordinary rate or the starting rate for savings, and
 - (d) where the individual meets the requirements of section 56 (residence) for the tax year by reason of meeting the condition in subsection (3) of that section, the individual meets the condition in subsection (2) of this section.
- (2) The condition is that the individual's hypothetical net income for the tax year concerned is less than the amount of the personal allowance to which the individual is entitled for that tax year under section 35 or 37.
- (3) For the purposes of subsection (2), an individual's "hypothetical net income" is the amount that would be that individual's net income calculated at Step 2 of section 23 if that individual's income tax liability were calculated on the basis that the individual—
 - (a) was UK resident for the tax year concerned (and the year was not a split year),
 - (b) was domiciled in the United Kingdom for that tax year,
 - (c) in that tax year, did not fall to be regarded as resident in a country outside the United Kingdom for the purposes of double taxation arrangements having effect at the time, and
 - (d) for that tax year, had made a claim for any available relief under section 6 of TIOPA 2010 (as required by subsection (6) of that section).
- (4) An individual's hypothetical net income for a tax year is, to the extent that it is not sterling, to be calculated by reference to the average exchange rate for the year ending on 31 March in the tax year concerned.

55D Procedure for elections under section 55C

- (1) An election under section 55C is to be made not more than 4 years after the end of the tax year to which it relates.
- (2) If the conditions in paragraphs (a) to (d) of section 55C(1) continue to be met, an election continues in force in each subsequent tax year unless—
 - (a) subsection (3) applies,

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- (b) the election is withdrawn, or
 - (c) it ceases to have effect under subsection (5).
- (3) Where an election is made after the end of the tax year to which it relates, the election has effect for the tax year to which it relates only (and accordingly does not continue in force for subsequent tax years under subsection (2)).
- (4) An election may be withdrawn only by a notice given by the individual by whom the election was made.
- (5) If an individual's spouse or civil partner does not obtain a tax reduction under section 55B in respect of a tax year in which an election is in force the election ceases to have effect for subsequent tax years; but this does not prevent an individual making a further election for the purposes of section 55B(2)(a) (whether or not in relation to the same marriage or civil partnership).
- (6) The withdrawal of an election under subsection (4) does not, except in the cases dealt with by subsection (7), have effect until the tax year after the one in which the notice is given.
- (7) The withdrawal of an election under subsection (4) has effect for the tax year in which the notice is given if—
- (a) in a case where the individual concerned met the condition in section 55C(1)(a) by reason of being married, the marriage has come to an end in that tax year, or
 - (b) in a case where the individual concerned met the condition in section 55C(1)(a) by reason of being in a civil partnership, the civil partnership has come to an end in that tax year.
- (8) For the purposes of subsection (7)(a), a marriage comes to an end if any of the following is made in respect of it—
- (a) a decree absolute of divorce, a decree of nullity of marriage or a decree of judicial separation, or
 - (b) in Scotland, a decree of divorce, a declarator of nullity or a decree of separation.
- (9) For the purposes of subsection (7)(b), a civil partnership comes to an end if any of the following is made in respect of it—
- (a) a dissolution order or nullity order, which has been made final,
 - (b) a separation order, or
 - (c) in Scotland, a decree of dissolution, a declarator of nullity or a decree of separation.
- (10) A notice under subsection (4) must—
- (a) be given to an officer of Revenue and Customs, and
 - (b) must be in the form specified by the Commissioners for Her Majesty's Revenue and Customs.
- (11) Paragraph 3(1)(b) of Schedule 1A to TMA 1970 (amendment of claims and elections) does not apply to an election under section 55C.

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Supplementary

55E Limitation on number of tax reductions and elections

- (1) An individual is not entitled to more than one tax reduction under section 55B for a tax year (regardless of whether the individual is a party to more than one marriage or civil partnership in the tax year).
- (2) An individual is not entitled to have more than one election for the purposes of section 55B which operates for a tax year (regardless of whether the individual is a party to more than one marriage or civil partnership in the tax year)."
- (3) In section 26 (tax reductions), in subsection (1)(a), after the entry relating to Chapter 3 of Part 3 insert— “ Chapter 3A of Part 3 of this Act (transferable tax allowance for married couples and civil partners), ”.
- (4) In section 31 (total income: supplementary), in subsection (2), after “basic” insert “ rate ”.
- (5) In section 33 (overview of Part)—
 - (a) in subsection (3), after “partners” insert “ where a party to the marriage or civil partnership is born before 6 April 1935 ”,
 - (b) after that subsection insert—

“(3A) Chapter 3A provides for a transferable tax allowance for married couples and civil partners.”,
 - (c) in subsection (4), in the opening words, for “and 3” substitute “ , 3 and 3A ”,
 - (d) in subsection (4)(a), after “Chapter 3” insert “ or 3A ”, and
 - (e) in subsection (4)(b), for “those allowances and tax reductions” substitute “ the allowances under Chapter 2 and tax reductions under Chapter 3 ”.
- (6) In the heading for Chapter 3 of Part 3 after “PARTNERS” insert “ : PERSONS BORN BEFORE 6 APRIL 1935 ”.
- (7) In section 56 (residence), in subsection (1)(b), after “Chapter 3” insert “ or 3A ”.
- (8) In section 809G (claim for remittance basis: effect on allowances), in subsection (2)—
 - (a) omit the “or” following paragraph (b), and
 - (b) after paragraph (b) insert—

“(ba) any tax reduction under Chapter 3A of that Part (transferable tax allowance for married couples and civil partners), or”.
- (9) TMA 1970 is amended as set out in subsections (10) and (11).
- (10) In section 42 (procedure for making claims)—
 - (a) in subsection (10), after “above” insert “ and subject to subsection (10A) below ”, and
 - (b) after subsection (10) insert—

“(10A) Subsection (2) above does not apply in relation to an election under section 55C of ITA 2007 (election to transfer allowance to spouse or civil partner).”

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- (11) In section 43A (further assessments: claims etc), in subsection (2A) after paragraph (a) insert—
- “(aa) section 55C of ITA 2007 (election to transfer allowance to spouse or civil partner),”.
- (12) The amendments made by this section have effect for the tax year 2015-16 and subsequent tax years.

12 Recommended medical treatment

- (1) Part 4 of ITEPA 2003 (exemptions) is amended as follows.
- (2) In Chapter 11 (miscellaneous exemptions), after section 320B insert—

“Recommended medical treatment

320C Recommended medical treatment

- (1) No liability to income tax arises in respect of—
- (a) the provision to an employee of recommended medical treatment, or
 - (b) the payment or reimbursement, to or in respect of an employee, of the cost of such treatment,
- if that provision, payment or reimbursement is not pursuant to relevant salary sacrifice arrangements or relevant flexible remuneration arrangements.
- (2) But subsection (1) does not apply in a tax year if, and to the extent that, the value of the exemption in that year exceeds £500.
- (3) Medical treatment is “recommended” if it is provided to the employee in accordance with a recommendation which—
- (a) is made to the employee as part of occupational health services provided to the employee by a service provided—
 - (i) under section 2 of the Employment and Training Act 1973 (arrangements for the purpose of assisting persons to retain employment etc), or
 - (ii) by, or in accordance with arrangements made by, the employer,
 - (b) is made for the purpose of assisting the employee to return to work after a period of absence due to injury or ill health, and
 - (c) meets any other requirements specified in regulations made by the Treasury.
- (4) Regulations under subsection (3)(c) may, in particular, specify that the recommendation must be one given after the employee has been assessed as unfit for work—
- (a) for at least the specified number of consecutive days, and
 - (b) in the specified manner by a person of a specified description.
- (5) The Treasury may by order amend subsection (3)(a) so as to add, amend or remove a reference to any enactment.
- (6) “The value of the exemption”, in a tax year, is an amount equal to the sum of—

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- (a) all earnings within section 62 (earnings), and
 - (b) all earnings which are treated as such under the benefits code,
- in respect of which subsection (1) would prevent liability to income tax from arising in the tax year disregarding subsection (2).

(7) In this section—

“medical treatment” means all procedures for diagnosing or treating any physical or mental illness, infirmity or defect;

“relevant salary sacrifice arrangements” means arrangements (whenever made, whether before or after the employment began) under which the employee gives up the right to receive an amount of general earnings or specific employment income in return for the provision of recommended medical treatment or the payment or reimbursement of the cost of such treatment;

“relevant flexible remuneration arrangements” means arrangements (whenever made, whether before or after the employment began) under which the employee and employer agree that the employee is to be provided with recommended medical treatment or the cost of such treatment is to be paid or reimbursed, rather than the employee receiving some other description of employment income;

“specified” means specified in regulations under subsection (3) (c).”

- (3) In section 266 (exemption of non-cash vouchers for exempt benefits), in subsection (1), omit the “or” at the end of paragraph (d) and after paragraph (e) insert “, or
- (f) section 320C (recommended medical treatment);”.
- (4) The amendments made by this section have effect in accordance with provision contained in an order made by the Treasury.
- (5) Section 1014(4) of ITA 2007 (orders etc subject to annulment) does not apply in relation to an order under subsection (4).

Commencement Information

- II S. 12 has effect as specified (1.1.2015) by [The Finance Act 2014, Section 12 \(Appointed Day\) Order 2014 \(S.I. 2014/3226\)](#), [art. 2](#)

13 Relief for loan interest: loan to buy interest in close company

- (1) Chapter 1 of Part 8 of ITA 2007 (relief for interest payments) is amended as follows.
- (2) In section 392 (loan to buy interest in close company), in subsection (4)—
 - (a) after “section 393—” insert—
 - ““close company” includes a company which—
 - (a) is resident in an EEA state other than the United Kingdom,
 - and
 - (b) if it were UK resident, would be a close company;”, and

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- (b) in the definition of “close investment-holding company”, for “section 34 of CTA 2010” substitute “ section 393A ”.

(3) After section 393 insert—

“393A Close investment-holding companies

- (1) For the purposes of sections 392 and 393, a close company (“the candidate company”) is a close investment-holding company in an accounting period unless throughout the period it exists wholly or mainly for one or more of the permitted purposes set out in subsection (2).

There is an exception to this rule in subsection (5).

- (2) The candidate company exists for a permitted purpose so far as it exists—
- (a) for the purpose of carrying on a trade or trades on a commercial basis,
 - (b) for the purpose of making investments in land, or estates or interests in land, in cases where the land is, or is intended to be, let commercially (see subsection (3)),
 - (c) for the purpose of holding shares in and securities of, or making loans to, one or more companies each of which—
 - (i) is a qualifying company, or
 - (ii) falls within subsection (4),
 - (d) for the purpose of co-ordinating the administration of two or more qualifying companies,
 - (e) for the purpose of the making of investments as mentioned in paragraph (b)—
 - (i) by one or more qualifying companies, or
 - (ii) by a company which has control of the candidate company, or
 - (f) for the purpose of a trade or trades carried on on a commercial basis—
 - (i) by one or more qualifying companies, or
 - (ii) by a company which has control of the candidate company.
- (3) For the purposes of subsection (2)(b), any letting of land is taken to be commercial unless the land is let to—
- (a) a person connected with the candidate company (“a connected person”), or
 - (b) a person who is—
 - (i) the spouse or civil partner of a connected person,
 - (ii) a relative of a connected person, or the spouse or civil partner of a relative of a connected person,
 - (iii) the relative of the spouse or civil partner of a connected person, or
 - (iv) the spouse or civil partner of a relative of a spouse or civil partner of the connected person.
- (4) A company falls within this subsection (see subsection (2)(c)(ii)) if—
- (a) it is under the control of the candidate company or of a company which has control of the candidate company, and

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- (b) it exists wholly or mainly for the purpose of holding shares in or securities of, or of making loans to, one or more qualifying companies.
- (5) If a company is wound up and was not a close investment-holding company in the accounting period that ends (by virtue of section 12(2) of CTA 2009) immediately before the winding up starts, the company is not treated for the purposes of sections 392 and 393 as being a close investment-holding company in the subsequent accounting period.
- (6) In this section “qualifying company” means a company which—
- (a) is under the control of the candidate company or of a company which has control of the candidate company, and
 - (b) exists wholly or mainly for either or both of the purposes mentioned in subsection (2)(a) and (b).
- (7) In this section—
- “accounting period” has the meaning given by section 1119 of CTA 2010,
 - “close company” includes a company which—
 - (a) is resident in an EEA state other than the United Kingdom, and
 - (b) if it were UK resident, would be a close company,
 - “control” has the meaning given by section 450 of CTA 2010, and
 - “relative” means brother, sister, ancestor or lineal descendant.”
- (4) Accordingly—
- (a) in section 383(2)(c), after “close company” insert “ etc ”,
 - (b) in the italic heading before section 392, after “*close company*” insert “ *etc* ”;
 - (c) in the heading of section 392, after “**close company**” insert “ **etc** ”.
- (5) The amendments made by this section have effect in relation to interest paid in the tax year 2014-15 or any subsequent tax year.

14 Relief for loan interest: loan to buy interest in employee-controlled company

- (1) In section 397 of ITA 2007 (eligibility requirements for interest on loans within section 396), for subsection (2)(a) substitute—
- “(a) an unquoted company that is resident in the United Kingdom or another EEA state and is not resident outside the European Economic Area, and”.
- (2) The amendment made by this section has effect in relation to interest paid in the tax year 2014-15 or any subsequent tax year.

Other provisions

15 Restrictions on remittance basis

Schedule 3 makes provision in relation to the remittance basis.

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16 Treatment of agency workers

(1) Chapter 7 of Part 2 of ITEPA 2003 (income tax treatment of agency workers) is amended as follows.

(2) For section 44 (treatment of workers supplied by agencies) substitute—

“44 Treatment of workers supplied by agencies

(1) This section applies if—

- (a) an individual (“the worker”) personally provides services (which are not excluded services) to another person (“the client”),
- (b) there is a contract between—
 - (i) the client or a person connected with the client, and
 - (ii) a person other than the worker, the client or a person connected with the client (“the agency”), and
- (c) under or in consequence of that contract—
 - (i) the services are provided, or
 - (ii) the client or any person connected with the client pays, or otherwise provides consideration, for the services.

(2) But this section does not apply if—

- (a) it is shown that the manner in which the worker provides the services is not subject to (or to the right of) supervision, direction or control by any person, or
- (b) remuneration receivable by the worker in consequence of providing the services constitutes employment income of the worker apart from this Chapter.

(3) If this section applies—

- (a) the worker is to be treated for income tax purposes as holding an employment with the agency, the duties of which consist of the services the worker provides to the client, and
- (b) all remuneration receivable by the worker (from any person) in consequence of providing the services is to be treated for income tax purposes as earnings from that employment,

but this is subject to subsections (4) to (6).

(4) Subsection (5) applies if (whether before or after the worker begins to provide the services)—

- (a) the client provides the agency with a fraudulent document which is intended to constitute evidence that, by virtue of subsection (2)(a), this section does not or will not apply, or
- (b) a relevant person provides the agency with a fraudulent document which is intended to constitute evidence that, by virtue of subsection (2)(b), this section does not or will not apply.

(5) In relation to services the worker provides to the client after the fraudulent document is provided—

- (a) subsection (3) does not apply,

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- (b) the worker is to be treated for income tax purposes as holding an employment with the client or (as the case may be) with the relevant person, the duties of which consist of the services, and
 - (c) all remuneration receivable by the worker (from any person) in consequence of providing the services is to be treated for income tax purposes as earnings from that employment.
- (6) In subsections (4) and (5) “relevant person” means a person, other than the client, the worker or a person connected with the client or with the agency, who—
- (a) is resident, or has a place of business, in the United Kingdom, and
 - (b) is party to a contract with the agency or a person connected with the agency, under or in consequence of which—
 - (i) the services are provided, or
 - (ii) the agency, or a person connected with the agency, makes payments in respect of the services.”
- (3) In section 45 (arrangements with agencies)—
- (a) in paragraph (a), omit “(“the agency”)", and
 - (b) in paragraph (b), omit “with the agency”.
- (4) In section 46 (cases involving unincorporated bodies etc)—
- (a) in subsection (1)(a), omit “, or is under an obligation to personally provide,”, and
 - (b) in subsection (2), for the words from “under” to “contract” substitute “ in consequence of the worker providing the services ”.
- (5) After section 46 insert—

“Anti-avoidance

46A Anti-avoidance

- (1) This section applies if—
- (a) an individual (“W”) personally provides services (which are not excluded services) to another person (“C”),
 - (b) a third person (“A”) enters into arrangements the main purpose, or one of the main purposes, of which is to secure that the services are not treated for income tax purposes under section 44 as duties of an employment held by W with A, and
 - (c) but for this section, section 44 would not apply in relation to the services.
- (2) In subsection (1)(b) “arrangements” includes any scheme, transaction or series of transactions, agreement or understanding, whether or not legally enforceable, and any associated operations.
- (3) Subject to subsection (2) of section 44, that section applies in relation to the services.
- (4) For the purposes of subsection (3)—
- (a) W is to be treated as being the worker,

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- (b) C is to be treated as being the client,
 - (c) A is to be treated as being the agency, and
 - (d) section 44 has effect as if subsections (4) to (6) of that section were omitted.”
- (6) In section 47 (interpretation of Chapter 7), omit subsection (1).
- (7) In Chapter 3 of Part 11 of that Act (PAYE: special types of payer or payee), section 688 (agency workers) is amended as follows.
- (8) For subsection (1) substitute—
- “(1) This section applies if the remuneration receivable by an individual in consequence of providing services falls to be treated under section 44 (agency workers) as earnings from an employment.
 - (1A) The relevant provisions have effect as if the individual held the employment with or under the deemed employer, subject to subsection (2).
 - (1B) For the purposes of sections 687, 689 and 689A, if—
 - (a) a person other than the deemed employer or an intermediary of the deemed employer makes a payment of, or on account of, PAYE income of the individual, and
 - (b) the payment is not within subsection (2),
 the person is to be treated as making the payment as an intermediary of the deemed employer.”
- (9) In subsection (2)—
- (a) for paragraph (a) (and the “and” at the end of that paragraph) substitute—
 - “(a) the client is not the deemed employer, and”, and
 - (b) for “agency” substitute “deemed employer”.
- (10) In subsection (3), for the words from “subsections” to “44;” substitute “this section—
 the client” means the person who is the client for the purposes of section 44;
 “the deemed employer” means the person with whom the individual is treated under section 44 as having an employment, the duties of which consist of the services;”.
- (11) The amendments made by this section are treated as having come into force on 6 April 2014.

17 Recovery under PAYE regulations from certain company officers

- (1) In Part 4 of the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682) (payments, returns and information), after Chapter 3 (PAYE records) insert—

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“CHAPTER 3A

CERTAIN DEBTS OF COMPANIES UNDER CHAPTER 7 OF PART 2 OF ITEPA (AGENCIES)

97ZA Interpretation of Chapter 3A

In this Chapter—

- “company” includes a limited liability partnership;
- “HMRC” means Her Majesty's Revenue and Customs;
- “director” has the meaning given by section 67 of ITEPA;
- “personal liability notice” has the meaning given by regulation 97ZB(2);
- “relevant PAYE debt”, in relation to a company, means—
 - (a) any amount that the company is to deduct, or account for, in accordance with these Regulations by virtue of—
 - (i) section 44(4) to (6) of ITEPA (persons providing fraudulent documents), or
 - (ii) section 46A of that Act (anti-avoidance), and
 - (b) any interest or penalty, in respect of an amount within paragraph (a), for which the company is liable;
- “the relevant date”, in relation to a relevant PAYE debt, means—
 - (a) in a case where the relevant PAYE debt is to be deducted or accounted for, or arises, by virtue of subsections (4) to (6) of section 44 of ITEPA, the date on which the fraudulent document was provided as mentioned in subsection (4) of that section, or
 - (b) in a case where the relevant PAYE debt is to be deducted or accounted for, or arises, by virtue of section 46A of ITEPA, the date the arrangements mentioned in subsection (1)(b) of that section were entered into;
- “the specified amount” has the meaning given by regulation 97ZB(2)(a).

97ZB Liability of directors for relevant PAYE debts

- (1) This regulation applies in relation to an amount of relevant PAYE debt of a company if the company does not deduct, account for or (as the case may be) pay that amount by the time by which the company is required to do so.
- (2) HMRC may serve a notice (a “personal liability notice”) on any person who was, on the relevant date, a director of the company—
 - (a) specifying the amount of relevant PAYE debt in relation to which this regulation applies (“the specified amount”), and
 - (b) requiring the director to pay to HMRC—
 - (i) the specified amount, and
 - (ii) specified interest on that amount.
- (3) The interest specified in the personal liability notice—

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- (a) is to be at the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 86 of TMA, and
 - (b) is to run from the date the notice is served.
- (4) A director who is served with a personal liability notice is liable to pay to HMRC the specified amount and the interest specified in the notice within 30 days beginning with the day the notice is served.
- (5) If HMRC serve personal liability notices on more than one director of the company in respect of the same amount of relevant PAYE debt, the directors are jointly and severally liable to pay to HMRC the specified amount and the interest specified in the notices.

97ZC Appeals in relation to personal liability notices

- (1) A person who is served with a personal liability notice in relation to an amount of relevant PAYE debt of a company may appeal against the notice.
- (2) A notice of appeal must—
- (a) be given to HMRC within 30 days beginning with the day the personal liability notice is served, and
 - (b) specify the grounds of the appeal.
- (3) The grounds of appeal are —
- (a) that all or part of the specified amount does not represent an amount of relevant PAYE debt, of the company, to which regulation 97ZB applies, or
 - (b) that the person was not a director of the company on the relevant date.
- (4) But a person may not appeal on the ground mentioned in paragraph (3)(a) if it has already been determined, on an appeal by the company, that—
- (a) the specified amount is a relevant PAYE debt of the company, and
 - (b) the company did not deduct, account for, or (as the case may be) pay the debt by the time by which the company was required to do so.
- (5) Subject to paragraph (6), on an appeal that is notified to the tribunal, the tribunal is to uphold or quash the personal liability notice.
- (6) In a case in which the ground of appeal mentioned in paragraph (3)(a) is raised, the tribunal may also reduce or increase the specified amount so that it does represent an amount of relevant PAYE debt, of the company, to which regulation 97ZB applies.

97ZD Withdrawal of personal liability notices

- (1) A personal liability notice is withdrawn if the tribunal quashes it.
- (2) An officer of Revenue and Customs may withdraw a personal liability notice if the officer considers it appropriate to do so.
- (3) If a personal liability notice is withdrawn, HMRC must give notice of that fact to the person upon whom the notice was served.

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97ZE Recovery of sums due under personal liability notice: application of Part 6 of TMA

- (1) For the purposes of this Chapter, Part 6 of TMA (collection and recovery) applies as if—
 - (a) the personal liability notice were an assessment, and
 - (b) the specified amount, and any interest on that amount under regulation 97ZB(2)(b)(ii), were income tax charged on the director upon whom the notice is served,
 and that Part of that Act applies with the modification in paragraph (2) and any other necessary modifications.
- (2) Summary proceedings for the recovery of the specified amount, and any interest on that amount under regulation 97ZB(2)(b)(ii), may be brought in England and Wales or Northern Ireland at any time before the end of the period of 12 months beginning with the day after the day on which personal liability notice is served.

97ZF Repayment of surplus amounts

- (1) This regulation applies if—
 - (a) one or more personal liability notices are served in respect of an amount of relevant PAYE debt of a company, and
 - (b) the amounts paid to HMRC (whether by directors upon whom notices are served or the company) exceed the aggregate of the specified amount and any interest on it under regulation 97ZB(2)(b)(ii).
- (2) HMRC is to repay the difference on a just and equitable basis and without unreasonable delay.
- (3) HMRC is to pay interest on any sum repaid.
- (4) The interest—
 - (a) is to be at the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 824 of ICTA, and
 - (b) is to run from the date the amounts paid to HMRC come to exceed the aggregate mentioned in subsection (1)(b).”
- (2) In Chapter 3 of Part 11 of ITEPA 2003 (PAYE: special types of payer or payee), section 688 (agency workers) (as amended by section 16) is amended as follows.
- (3) After subsection (2) insert—

“(2A) PAYE regulations may make provision for, or in connection with, the recovery from a director or officer of a company, in such circumstances as may be specified in the regulations, of—

 - (a) any amount the company is, by virtue of section 44(4) to (6) or 46A, to deduct, or account for, in accordance with PAYE regulations, and
 - (b) any interest or penalty, in respect of an amount within paragraph (a), for which the company is liable.”
- (4) In subsection (3)—

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- (a) after the definition of “the client” insert—
 - ““company” includes a limited liability partnership;”, and
 - (b) after the definition of “the deemed employer” insert—
 - ““director” has the meaning given by section 67;
 - “officer”, in relation to a company, means any manager, secretary or other similar officer of the company, or any person acting or purporting to act as such;”.
- (5) The amendment made by subsection (1) is to be treated as having been made by the Commissioners for Her Majesty's Revenue and Customs in exercise of the power conferred by subsection (2A) of section 688 of ITEPA 2003 (inserted by subsection (3)).
- (6) Chapter 3A of Part 4 of the Income Tax (Pay As You Earn) Regulations 2003 (inserted by subsection (1)) has effect in relation to relevant PAYE debts that are to be deducted, accounted for or paid on or after 6 April 2014.

18 Employment intermediaries: information powers and related penalties

- (1) After section 716A of ITEPA 2003 insert—

“Employment intermediaries: information powers

716B Employment intermediaries to keep, preserve and provide information etc

- (1) For purposes connected with Chapter 7 of Part 2 (treatment of workers supplied by agencies) or Part 11 (PAYE), the Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for, or in connection with, requiring a specified employment intermediary—
- (a) to keep and preserve specified information, records or documents for a specified period;
 - (b) to provide Her Majesty's Revenue and Customs with specified information, records or documents within a specified period or at specified times.
- (2) An “employment intermediary” is a person who makes arrangements under or in consequence of which—
- (a) an individual works, or is to work, for a third person, or
 - (b) an individual is, or is to be, remunerated for work done for a third person.
- (3) For the purposes of subsection (2), an individual works for a person if—
- (a) the individual performs any duties of an employment for that person (whether or not the individual is employed by that person), or
 - (b) the individual provides, or is involved in the provision of, a service to that person.
- (4) In subsection (1) “specified” means specified or described in regulations made under this section.

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- (5) Regulations under this section may—
- (a) make different provision for different cases or different purposes, and
 - (b) make incidental, consequential, supplementary or transitional provision or savings.”
- (2) Section 98 of TMA 1970 (penalties: special returns etc) is amended as follows.
- (3) After subsection (4E) insert—
- “(4F) If a person fails to furnish any information or produce any document or record in accordance with regulations under section 716B of ITEPA 2003, subsection (1) has effect as if—
- (a) for “£300” there were substituted “ £3,000 ”, and
 - (b) for “£60” there were substituted “ £600 ”.”
- (4) In the second column of the Table, at the appropriate place insert “ Regulations under section 716B of ITEPA 2003. ”.
- (5) The amendments made subsections (2) to (4) have effect from such day as the Treasury may appoint by order made by statutory instrument.

Commencement Information

- I2** [S. 18\(2\)-\(4\)](#) in force at 6.4.2015 for the purposes of the amendments made by those sub-sections by [S.I. 2015/931](#), [art. 2](#)

19 Payments by employer on account of tax where deduction not possible

- (1) In section 222 of ITEPA 2003 (payments by employer on account of tax where deduction not possible), in subsection (1)(c), for “beginning with the relevant date” substitute “ after the end of the tax year in which the relevant date falls ”.
- (2) The amendment made by this section has effect in relation to payments of income treated as made on or after 6 April 2014.

20 PAYE obligations of UK intermediary in cases involving non-UK employer

- (1) Section 689 of ITEPA 2003 (PAYE: employee of non-UK employer) is amended as follows.
- (2) After subsection (1A) insert—

“(1B) Subsection (1C) applies if—

 - (a) the employee worked for the relevant person during the period under or in consequence of arrangements made between the relevant person and a third person,
 - (b) the third person did not make the payment of, or on account of, PAYE income of the employee, and
 - (c) PAYE regulations would apply to the third person if the third person were to make a payment of, or on account of, PAYE income of the employee.

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(1C) The third person is to be treated, for the purposes of PAYE regulations, as making a payment of PAYE income of the employee of an amount equal to the amount given by subsection (3).”

(3) In subsection (2), for “The” substitute “ If subsection (1C) does not apply, the ”.

(4) The amendments made by this section are treated as having come into force on 6 April 2014.

21 Oil and gas workers on the continental shelf: operation of PAYE

(1) ITEPA 2003 is amended as follows.

(2) In section 222 (payments by employer on account of tax where deduction not possible)

- (a) in subsection (1)(a), after “689” insert “ , 689A ”, and
- (b) in subsection (3), after “employer)” insert “ or section 689A(3) (deemed payments of PAYE income of continental shelf workers by person other than employer) ”.

(3) In section 421L (persons to whom certain duties to provide information and returns apply)—

- (a) in subsection (3), after paragraph (b) insert—
 - “(ba) if the employee in question is a continental shelf worker and PAYE regulations do not apply to the employer in question, any person who is a relevant person in relation to the employee in question,”, and

(b) after subsection (5) insert—

“(5A) In subsection (3)(ba) “continental shelf worker” and “relevant person” have the meaning given by section 689A(11) (PAYE: oil and gas workers on the continental shelf).”

(4) In section 689 (provision about PAYE for employees of non-UK employers), after subsection (1) insert—

“(1ZA) But this section does not apply if section 689A applies or would apply but for a certificate issued under regulations made under subsection (7) of that section.”

(5) After that section insert—

“689A Oil and gas workers on the continental shelf

(1) This section applies if—

- (a) any payment of, or on account of, PAYE income of a continental shelf worker in respect of a period is made by a person who is the employer or an intermediary of the employer or of the relevant person,
- (b) PAYE regulations do not apply to the person making the payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, to the employer, and
- (c) income tax and any relevant debts are not deducted, or not accounted for, in accordance with PAYE regulations by the person making the

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payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, by the employer.

- (2) Subject to subsection (5), subsection (1)(a) does not apply in relation to a payment so far as the sum paid is employment income under Chapter 2 of Part 7A.
- (3) The relevant person is to be treated, for the purposes of PAYE regulations, as making a payment of PAYE income of the continental shelf worker of an amount equal to the amount given by subsection (4).
- (4) The amount referred to is—
 - (a) if the amount of the payment actually made is an amount to which the recipient is entitled after deduction of income tax and any relevant debts under PAYE regulations, the aggregate of the amount of the payment and the amount of any income tax due and any relevant debts deductible, and
 - (b) in any other case, the amount of the payment.
- (5) If, by virtue of any of sections 687A and 693 to 700, an employer would be treated for the purposes of PAYE regulations (if they applied to the employer) as making a payment of any amount to a continental shelf worker, this section has effect as if—
 - (a) the employer were also to be treated for the purposes of this section as making an actual payment of that amount, and
 - (b) paragraph (a) of subsection (4) were omitted.
- (6) For the purposes of this section a payment of, or on account of, PAYE income of a continental shelf worker is made by an intermediary of the employer or of the relevant person if it is made—
 - (a) by a person acting on behalf of the employer or the relevant person and at the expense of the employer or the relevant person or a person connected with the employer or the relevant person, or
 - (b) by trustees holding property for any persons who include, or a class of persons which includes, the continental shelf worker.
- (7) PAYE regulations may make provision for, or in connection with, the issue by Her Majesty's Revenue and Customs of a certificate to a relevant person in respect of one or more continental shelf workers—
 - (a) confirming that, in respect of payments of, or on account of, PAYE income of the continental shelf workers specified or described in the certificate, income tax and any relevant debts are being deducted, or accounted for, as mentioned in subsection (1)(c), and
 - (b) disapplying this section in relation to payments of, or on account of, PAYE income of those workers while the certificate is in force.
- (8) Regulations under subsection (7) may, in particular, make provision about—
 - (a) applying for a certificate;
 - (b) the circumstances in which a certificate may, or must, be issued or cancelled;
 - (c) the form and content of a certificate;
 - (d) the effect of a certificate (including provision modifying the effect mentioned in subsection (7)(b) or specifying further effects);

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- (e) the effect of cancelling a certificate.
- (9) Subsection (10) applies if—
- (a) there is more than one relevant person in relation to a continental shelf worker, and
 - (b) in consequence of the same payment within subsection (1)(a), each of them is treated under subsection (3) as making a payment of PAYE income of the worker.
- (10) If one of the relevant persons complies with section 710 (notional payments: accounting for tax) in respect of the payment that person is treated as making, the other relevant persons do not have to comply with that section in respect of the payments they are treated as making.
- (11) In this section—
- “continental shelf worker” means a person in an employment some or all of the duties of which are performed—
- (a) in the UK sector of the continental shelf (as defined in section 41), and
 - (b) in connection with exploration or exploitation activities (as so defined);
- “employer” means the employer of the continental shelf worker;
- “relevant person”, in relation to a continental shelf worker, means—
- (a) if the employer has an associated company (as defined in section 449 of CTA 2010) with a place of business or registered office in the United Kingdom, the associated company, or
 - (b) in any other case, the person who holds the licence under Part 1 of the Petroleum Act 1998 in respect of the area of the UK sector of the continental shelf where some or all of the duties of the continental shelf worker's employment are performed.”
- (6) In section 690 (employee non-resident etc), in subsection (10)—
- (a) after “689”, in the first place it appears, insert “ or 689A ”, and
 - (b) after “689”, in the second place it appears, insert “ or (as the case may be) 689A ”.
- (7) In section 710 (notional payments: accounting for tax), in subsection (2)—
- (a) in paragraph (a)—
 - (i) after “689” insert “ , 689A ”, and
 - (ii) for “or 689(3)(a)” substitute “ , 689(3)(a) or 689A(4)(a) ”, and
 - (b) in paragraph (b), after “689(2)” insert “ or 689A(3) ”.
- (8) In section 689A (inserted by subsection (5)), at the end insert—
- “(12) The Treasury may by regulations modify the definitions of “continental shelf worker” and “relevant person”, as the Treasury thinks appropriate.
- (13) Regulations under subsection (12) may—
- (a) make different provision for different cases or different purposes,
 - (b) make incidental, consequential, supplementary or transitional provision or savings, and

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(c) amend this section.”

- (9) The amendment made by subsection (5) is treated as having come into force—
- (a) on 26 March 2014 for the purposes of making regulations under section 689A(7) of ITEPA 2003, and
 - (b) on 6 April 2014 for remaining purposes.
- (10) The amendments made by subsections (2), (4), (6) and (7) are treated as having come into force on 6 April 2014.

22 Threshold for benefit of loan to be treated as earnings

- (1) In section 180 of ITEPA 2003 (threshold for benefit of a loan to be treated as earnings), in subsections (1)(a) and (b), (2) and (3), for “£5,000” (wherever occurring) substitute “£10,000”.
- (2) The amendments made by this section have effect for the tax year 2014-15 and subsequent tax years (and apply to loans made at any time).

23 Taxable benefits: cars, vans and related benefits

- (1) In section 114 of ITEPA 2003 (cars, vans and related benefits), omit subsection (3) (which prevents a charge by virtue of Chapter 6 of Part 3 of that Act where an amount constitutes earnings by virtue of any other provision).
- (2) The amendment made by this section has effect for the tax year 2014-15 and subsequent tax years.

24 Cars: the appropriate percentage

- (1) Chapter 6 of Part 3 of ITEPA 2003 (taxable benefits: cars, vans and related benefits) is amended as follows.

^{F1}(2)

- (3) Section 139 (cars with a CO₂ figure: the appropriate percentage) is amended in accordance with subsections (4) to (6).

(4) In subsection (2) —

- (a) in paragraph (a) for “5%” substitute “7%”,
- (b) in paragraph (aa) for “9%” substitute “11%”, and
- (c) in paragraph (b) for “13%” substitute “15%”.

(5) In subsection (3), for “14%” substitute “16%”.

^{F2}(6)

- (7) Section 140 (cars without a CO₂ figure: the appropriate percentage) is amended in accordance with subsections (8) to (10).

(8) In subsection (2), in the Table —

- (a) for “15%” substitute “16%”, and
- (b) for “25%” substitute “27%”.

(9) In subsection (3)(a), for “5%” substitute “7%”.

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^{F3}(10)

^{F4}(11)

(12) Section 142 (car first registered before 1st January 1998: the appropriate percentage) is amended in accordance with subsections (13) and (14).

(13) In subsection (2), in the Table —

- (a) for “15%” substitute “ 16% ”,
- (b) for “22%” substitute “ 27% ”, and
- (c) for “32%” substitute “ 37% ”.

(14) In subsection (3), for “32%” substitute “ 37% ”.

^{F5}(15)

(16) In consequence, section 23(4) and (5)(b) of FA 2013 is omitted.

(17) The amendments made by this section have effect for the tax year 2016-17 and subsequent tax years.

Textual Amendments

F1 S. 24(2) omitted (with effect in accordance with s. 10(2) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 10\(1\)\(a\)](#)

F2 S. 24(6) omitted (with effect in accordance with s. 10(2) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 10\(1\)\(b\)](#)

F3 S. 24(10) omitted (with effect in accordance with s. 10(2) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 10\(1\)\(c\)](#)

F4 S. 24(11) omitted (with effect in accordance with s. 10(2) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 10\(1\)\(d\)](#)

F5 S. 24(15) omitted (with effect in accordance with s. 10(2) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 10\(1\)\(e\)](#)

25 Cars and vans: payments for private use

(1) In section 144 of ITEPA 2003 (deduction for payments for private use: cars), for subsection (1)(b) substitute—

“(b) pays that amount in that year.”

(2) In section 158 of that Act (reduction for payments for private use: vans), for subsection (1)(b) substitute—

“(b) pays that amount in that year.”

(3) The amendments made by this section have effect for the tax year 2014-15 and subsequent tax years.

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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):

- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)