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STATUTORY INSTRUMENTS

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**2003 No. 732**

**The Tax Credits (Definition and Calculation of Income) (Amendment) Regulations 2003**

**Amendment of the principal Regulations**

6.—(1) Amend regulation 4 as follows.

(2) In paragraph (1)—

- (a) in sub-paragraph (a) for “emoluments” substitute “earnings”;
- (b) in sub-paragraph (b) for “under section 19(1) or 153 of the Taxes Act;” substitute “by virtue of section 62 or section 72 of ITEPA;”;
- (c) in sub-paragraph (c)—
  - (i) at the beginning insert “the cash equivalent of”; and
  - (ii) for “section 141 of the Taxes Act;” substitute “section 87 of ITEPA;”;
- (d) in sub-paragraph (d)—
  - (i) at the beginning insert “the cash equivalent of”; and
  - (ii) for “section 142 of the Taxes Act;” substitute “section 94 of ITEPA;”;
- (e) in sub-paragraph (e)—
  - (i) at the beginning insert “the cash equivalent of”; and
  - (ii) for “section 143 of the Taxes Act;” substitute “section 81 of ITEPA;”;
- (f) for sub-paragraph (f) substitute—
  - “(f) any amount chargeable to tax under Chapter 3 of Part 6 of ITEPA;”;
- (g) in sub-paragraph (g) for the words following “income tax” substitute “by virtue of section 660 of ITEPA;”;
- (h) in sub-paragraph (h) for “statutory maternity pay” substitute “statutory maternity pay, statutory paternity pay or statutory adoption pay”;
- (i) in sub-paragraph (i) for the words following “for that year” substitute “under section 120 or section 149 of ITEPA;”;
- (j) for sub-paragraph (j) substitute—
  - “(j) any sum to which section 225 of ITEPA applies;”.

(3) For paragraph (3) substitute—

“(3) If the cash equivalent of an employment-related benefit is to be treated as earnings from a claimant’s employment under any provision of Chapter 10 of Part 3 of ITEPA, other than sections 211 to 215, it is to be taken into account in computing his employment income.

Here “employment-related benefit” has the meaning given in section 201 of ITEPA.

This paragraph does not apply to an employment which is lower paid employment for the purposes of Chapter 11 of Part 3 of ITEPA.”.

(4) In Table 1—

- (a) in the heading after “Payments” insert “and benefits”;
- (b) in item 1 for “Schedule 11A to the Taxes Act” substitute “Chapter 7 of Part 4 of ITEPA”;
- (c) for item 2 substitute —

“**2A.** The payment or reimbursement of expenses incurred in the provision of transport to a disabled employee (as defined in section 246(4) of ITEPA) by his employer, if no liability to income tax arises in respect of that payment or reimbursement (as the case may be) by virtue of section 246 of ITEPA.

**2B.** The provision to a disabled employee (as defined in section 246(4) of ITEPA) by his employer of a car, the provision of fuel for the car, or the reimbursement of expenses incurred in connection with the car, if no liability to income tax arises in respect of that provision or reimbursement (as the case may be) by virtue of section 247 of ITEPA.

**2C.** The payment or reimbursement of expenses incurred on transport, if no liability to income tax arises in respect of that payment or reimbursement (as the case may be) by virtue of section 248 of ITEPA.”;

- (d) in item 5 for the words following “family or household,” substitute “in respect of which no liability to income tax arises by virtue of Chapter 5 of Part 4 of ITEPA.”;
- (e) in item 6 for “falling within section 200A of the Taxes Act.” substitute “in respect of which no liability to income tax arises by virtue of section 240 of ITEPA.”;
- (f) for item 7 substitute—

“**7.** Food, drink and mess allowances for the armed forces and training allowances payable to members of the reserve forces in respect of which no liability to income tax arises by virtue of section 297 or 298 of ITEPA.”;

- (g) in item 8 for the words following “as an employee,” substitute “if section 89 of ITEPA applies to the vouchers.”;
- (h) in item 9 for the words following “coal itself,” substitute “in respect of which no liability to income tax arises by virtue of section 306 of ITEPA.”;
- (i) in item 10 for the words following “long service,” substitute “if, or to the extent that, no liability to income tax arises in respect of it by virtue of section 323 of ITEPA.”;
- (j) in item 11 for “to which Extra Statutory Concession A84 applies.” substitute “in respect of which no liability to income tax arises by virtue of section 304 of ITEPA.”;
- (k) after item 11 insert—

“**11A.** The payment or reimbursement of reasonable expenses incurred by an employee who has a permanent workplace at an offshore installation, on transfer transport, related accommodation and subsistence or local transport, if no liability to income tax arises in respect of that payment or reimbursement (as the case may be) by virtue of section 305 of ITEPA.

For the purposes of this item, expressions which are defined in section 305 of ITEPA have the same meaning here as they do there.

**11B.** Payment of an allowance to a person in employment under the Crown in respect of which no liability to income tax arises by virtue of section 299 of ITEPA.

**11C.** The payment or reimbursement to an employee of any sum in connection with work-related training, or individual learning account training (as respectively defined in sections 251 and 256 of ITEPA) if no liability to income tax arises in respect of that payment or reimbursement (as the case may be) by virtue of any provision of Chapter 4 of Part 4 of ITEPA.

**11D.** The provision for an employee of a non-cash voucher or a credit-token, to the extent that liability to income tax does not arise in respect of that voucher or credit-token (as the case may be), under Chapter 4 of Part 4 of ITEPA, by virtue of any provision of Chapter 6 of that Part.

**11E.** The provision for an employee of free or subsidised meal vouchers or tokens (within the meaning of section 317(5) of ITEPA), if no liability to income tax arises in respect of that provision by virtue of section 317 of ITEPA.”;

- (l) in item 12 for the words following “specified in” substitute “sections 321 and 322 of ITEPA.”;
- (m) in item 13, for the words following “his employer” substitute “in respect of which no liability to income tax arises by virtue of section 245 of ITEPA.”;
- (n) in item 14 for the words following “to obtain goods,” substitute “in respect of which no liability to income tax arises by virtue of section 270 or 324 of ITEPA.”;
- (o) after item 14 insert—

“**14A.** Any payment or reimbursement of expenses incurred in connection with an employment-related asset transfer (as defined in section 326(2) of ITEPA), if no liability to income tax arises in respect of that payment or reimbursement (as the case may be) by virtue of section 326 of ITEPA.

**14B.** Any payment of expenses incurred by an employee in connection with a taxable car if no liability to income tax arises in respect of the payment by virtue of section 239(2) of ITEPA.”; and

- (p) after item 15 insert—

“**16.** A payment made by the Department for Work and Pensions by way of Job Grant, Return to Work Credit or under the Employment Retention and Advancement Project, being, in each case, a payment under section 2 of the Employment Act.”.

(5) In paragraph (5) for the words from “calculating” to the end of the paragraph substitute “calculating earnings by virtue of any provision of sections 336 to 344, or section 346, 347, 351, 352, 362, 363, 367, 368, 370, 371, 373, 374, 376, 377 or 713 of ITEPA”.