



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 10

SOCIAL SECURITY INCOME

CHAPTER 1

INTRODUCTION

655 Structure of Part 10

(1) The structure of this Part is as follows—

Chapter 2—

- (a) imposes the charge to tax on social security income, and
- (b) provides for deductions to be made from the amount of income chargeable;

Chapter 3 sets out the UK social security benefits which are charged to tax under this Part and identifies—

- (a) the amount of income chargeable to tax for a tax year, and
- (b) the person liable to pay any tax charged;

Chapters 4 and 5 deal with exemptions from the charge to tax on UK social security benefits (whether under this Part or any other provision);

Chapters 6 and 7 make provision about foreign benefits.

[^{F1}Chapter 8 makes provision for the high income child benefit charge.]

(2) For other provisions about the taxation of social security benefits, see—

section 151 of FA 1996 (power for the Treasury to make orders about the taxation of benefits payable under Government pilot schemes);

Status: Point in time view as at 10/06/2013.

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[^{F2}section 781 of ITTOIA 2005 (exemption from income tax for payments under New Deal 50plus);
section 782 of ITTOIA 2005 (exemption from income tax for payments under employment zone programmes).]

(3) For the charge to tax on social security pensions, see Part 9 (pension income).

Textual Amendments

- F1** Words in s. 655(1) inserted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2012 (c. 14), **Sch. 1 para. 5(3)**
- F2** Words in s. 655(2) substituted (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), **Sch. 1 para. 612** (with Sch. 2)

CHAPTER 2

TAX ON SOCIAL SECURITY INCOME

656 Nature of charge to tax on social security income

- (1) The charge to tax on social security income is a charge to tax on that income excluding any exempt income.
- (2) “Exempt income” is social security income on which no liability to income tax arises as a result of any provision of Chapter 4, 5 or 7 of this Part.

This definition applies for the purposes of this Part.

657 Meaning of “social security income”, “taxable benefits” etc.

- (1) This section defines—
 - “social security income” for the purposes of the Tax Acts, and
 - “taxable benefits”, “Table A” and “Table B” for the purposes of this Part.
- (2) “Social security income” means—
 - (a) the United Kingdom social security benefits listed in Table A,
 - (b) the United Kingdom social security benefits listed in Table B,
 - (c) the foreign benefits to which section 678 applies, and
 - (d) the foreign benefits to which section 681(2) applies.
- (3) “Taxable benefits” means—
 - (a) the United Kingdom social security benefits listed in Table A, and
 - (b) the foreign benefits to which section 678 applies.
- (4) Subsections (2) and (3) are subject to section 660(2).
- (5) “Table A” means Table A in section 660.
- (6) “Table B” means Table B in section 677.

Status: Point in time view as at 10/06/2013.

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658 Amount charged to tax

- (1) The amount of social security income which is charged to tax under this Part for a particular tax year is as follows.
- (2) In relation to a taxable benefit, the amount charged to tax is the net taxable social security income for the tax year.
- (3) The net taxable social security income for a taxable benefit for a tax year is given by the formula—

TSSI- PGD

where—

TSSI means the amount of taxable social security income for that benefit for that year (see subsections (4) to (7)), and

PGD means the amount of the deduction (if any) allowed from the benefit under Part 12 (payroll giving).

- (4) In relation to bereavement allowance, carer's allowance, [^{F3}contributory employment and support allowance,] incapacity benefit and income support (which are listed in Table A), the amount of taxable social security income is determined in accordance with section 661.
- (5) In relation to any other benefit listed in Table A, the amount of taxable social security income is the amount of the benefit that falls to be charged to tax.
- (6) In relation to foreign benefits to which section 678 applies, the amount of taxable social security income is determined in accordance with section 679.
- (7) In determining for the purposes of this Act the amount of taxable social security income, any exempt income is to be excluded.

Textual Amendments

- F3** Words in s. 658(4) inserted (18.3.2008 for specified purposes, 27.10.2008 in so far as not already in force) by [Welfare Reform Act 2007 \(c. 5\)](#), s. 70(2), [Sch. 3 para. 24\(2\)](#); S.I. 2008/787, art. 2(1)(4)(f), [Sch.](#)

659 Person liable for tax

The person liable for any tax charged under this Part is identified in—

- (a) section 662 (UK benefits), or
- (b) section 680 (foreign benefits).

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CHAPTER 3

TAXABLE UK SOCIAL SECURITY BENEFITS

660 Taxable benefits: UK benefits – Table A

(1) This is Table A—

TABLE A

TAXABLE UK BENEFITS

<i>Social security benefit</i>	<i>Payable under</i>	
[^{F4} Additional statutory paternity pay	SSCBA	Section 171ZEA or 171ZEB
	Any provision made for Northern Ireland which corresponds to section 171ZEA or 171ZEB of SSCBA 1992.]	
Bereavement allowance	SSCBA 1992	Section 39B
	SSCB(NI)A 1992	Section 39B
Carer's allowance	SSCBA 1992	Section 70
	SSCB(NI)A 1992	Section 70
[^{F5} [^{F6} Employment and support allowance]	WRA 2007	Section 1(2)(a)
	Any provision made for Northern Ireland which corresponds to section 1(2)(a) of WRA 2007]	
Incapacity benefit	SSCBA 1992	Section 30A(1) or (5), 40 or 41
	SSCB(NI)A 1992	Section 30A(1) or (5), 40 or 41
Income support	SSCBA 1992	Section 124
	SSCB(NI)A 1992	Section 123
Jobseeker's allowance	JSA 1995	Section 1
	JS(NI)O 1995	Article 3
[^{F7} Ordinary statutory paternity pay	SSCBA 1992	Section 171ZA or 171ZB
	Any provision made for Northern Ireland which corresponds to section 171ZA or 171ZB of SSCBA 1992.]	
Statutory adoption pay	SSCBA 1992	Section 171ZL
	Any provision made for Northern Ireland which corresponds to section 171ZL of SSCBA 1992	
Statutory maternity pay	SSCBA 1992	Section 164
	SSCB(NI)A 1992	Section 160

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F8	F8	F8
...
Statutory sick pay	SSCBA 1992	Section 151
	SSCB(NI)A 1992	Section 147.

(2) A benefit listed below is not “social security income” or a “taxable benefit” if it is charged to tax under another Part of this Act—

- [^{F9}additional statutory paternity pay;
- ordinary statutory paternity pay;
- statutory adoption pay;
- statutory maternity pay;]
- statutory sick pay.

Textual Amendments

- F4** Words in s. 660(1) Table A inserted (6.4.2010) by [Work and Families Act 2006 \(c. 18\)](#), s. 19(2), [Sch. 1 para. 60\(2\)\(3\)](#); [S.I. 2010/495](#), art. 4(d)
- F5** Words in s. 660 Table A inserted (18.3.2008 for specified purposes, 27.10.2008 in so far as not already in force) by [Welfare Reform Act 2007 \(c. 5\)](#), s. 70(2), [Sch. 3 para. 24\(3\)](#); [S.I. 2008/787](#), art. 2(1), [Sch.](#); [S.I. 2008/787](#), art. 2(4)(f)
- F6** Words in s. 660(1) Table A substituted (29.4.2013) by [The Universal Credit \(Consequential, Supplementary, Incidental and Miscellaneous Provisions\) Regulations 2013 \(S.I. 2013/630\)](#), regs. 1(2), [16\(3\)](#)
- F7** Words in s. 660(1) Table A inserted (6.4.2010) by [Work and Families Act 2006 \(c. 18\)](#), s. 19(2), [Sch. 1 para. 60\(2\)\(4\)](#); [S.I. 2010/495](#), art. 4(d)
- F8** Words in s. 660(1) Table A repealed (6.4.2010) by [Work and Families Act 2006 \(c. 18\)](#), s. 19(2), [Sch. 1 para. 60\(2\)\(5\)](#), [Sch. 2](#); [S.I. 2010/495](#), art. 4(d)(e)(iii)
- F9** Words in s. 660(2) substituted (6.4.2010) by [Work and Families Act 2006 \(c. 18\)](#), s. 19(2), [Sch. 1 para. 60\(6\)](#); [S.I. 2010/495](#), art. 4(d)

661 Taxable social security income

(1) This section applies in relation to each of the following taxable benefits listed in Table A—

- bereavement allowance,
- carer’s allowance,
- [^{F10}contributory employment and support allowance,]
- incapacity benefit, and
- income support.

(2) The amount of taxable social security income for a taxable benefit for a tax year is the full amount of the benefit accruing in the tax year irrespective of when any amount is actually paid.

Textual Amendments

- F10** Words in s. 661 inserted (18.3.2008 for specified purposes, 27.10.2008 in so far as not already in force) by [Welfare Reform Act 2007 \(c. 5\)](#), s. 70(2), [Sch. 3 para. 24\(4\)](#); [S.I. 2008/787](#), art. 2(1)(4)(f), [Sch.](#)

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662 Person liable for tax

The person liable for any tax charged under this Part on a taxable benefit listed in Table A is the person receiving or entitled to the benefit.

CHAPTER 4

TAXABLE UK SOCIAL SECURITY BENEFITS: EXEMPTIONS

Incapacity benefit

663 Long-term incapacity benefit: previous entitlement to invalidity benefit

- (1) No liability to income tax arises on long-term incapacity benefit if—
- (a) a person is entitled to the benefit for a day of incapacity for work which falls in a period of incapacity for work which is treated for the purposes of that benefit as having begun before 13th April 1995, and
 - (b) the part of that period which is treated as having fallen before that date includes a day for which that person was entitled to invalidity benefit.
- (2) In this section—
- “invalidity benefit” means invalidity benefit under—
- (a) Part 2 of SSCBA 1992, or
 - (b) Part 2 of SSCB(NI)A 1992;
- “long-term incapacity benefit” means incapacity benefit payable under—
- (a) section 30A(5), 40 or 41 of SSCBA 1992, or
 - (b) section 30A(5), 40 or 41 of SSCB(NI)A 1992.

664 Short-term incapacity benefit not payable at the higher rate

- (1) No liability to income tax arises on short-term incapacity benefit unless it is payable at the higher rate.
- (2) In this section—
- (a) “short-term incapacity benefit” means incapacity benefit payable under—
 - (i) section 30A(1) of SSCBA 1992, or
 - (ii) section 30A(1) of SSCB(NI)A 1992;
 - (b) the reference to short-term incapacity benefit payable at the higher rate is to be construed in accordance with—
 - (i) section 30B of SSCBA 1992, or
 - (ii) section 30B of SSCB(NI)A 1992.

Income support

665 Exempt unless payable to member of couple involved in trade dispute

- (1) No liability to income tax arises on income support unless—
- (a) the income support is payable to one member of a ^{F11}... couple (“the claimant”), and

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- (b) section 126 of SSCBA 1992 or section 125 of SSCB(NI)A 1992 (trade disputes) applies to the claimant but not to the other member of the couple.
- (2) In this section [^{F12}“couple” has] the same meaning as in section 137(1) of SSCBA 1992 or section 133(1) of SSCB(NI)A 1992.

Textual Amendments

- F11** Words in s. 665(1)(a) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **163(a)**
- F12** Words in s. 665(2) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **163(b)**

666 Child maintenance bonus

No liability to income tax arises on a part of income support which is attributable to a child maintenance bonus (within the meaning of section 10 of CSA 1995 or Article 4 of CS(NI)O 1995).

667 Amounts in excess of taxable maximum

- (1) If the amount of income support paid to a person (“the claimant”) for a week or a part of a week exceeds the claimant’s taxable maximum for that period, no liability to income tax arises on the excess.
- (2) The claimant’s taxable maximum for a period is determined under section 668.

668 Taxable maximum

- (1) A claimant’s taxable maximum for a week is determined under this subsection if the applicable amount for the purpose of calculating the income support consists only of an amount in respect of the relevant couple.

The taxable maximum is equal to one half of the applicable amount.

- (2) A claimant’s taxable maximum for a week is determined under this subsection if the applicable amount includes amounts that are not in respect of the relevant couple.

The taxable maximum is equal to one half of the amount which is included in the applicable amount in respect of the relevant couple.

- (3) A claimant’s taxable maximum for a part of a week is determined as follows—

Step 1

Assume that the income support is paid to the claimant for the whole of, rather than part of, the week.

Step 2

Determine under subsection (1) or (2) what the claimant’s taxable maximum for that week would be on that assumption.

Step 3

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Determine the claimant’s taxable maximum for the part of the week using this formula—

$$\frac{N}{7} \times \text{TMW}$$

where—

N is the number of days in the part of the week for which the claimant is actually paid the income support, and

TMW is the taxable maximum for the whole week determined under step 2.

669 Interpretation

- (1) In section 668, except in relation to Northern Ireland—
 - “applicable amount” means the amount prescribed in relation to income support in regulations made under section 135 of SSCBA 1992;
 - [^{F13}“couple” has the same meaning as in section 137(1) of SSCBA 1992]
- (2) In section 668, in relation to Northern Ireland—
 - “applicable amount” means the amount prescribed in relation to income support in regulations made under section 131 of SSCB(NI)A 1992;
 - [^{F14}“couple” has the same meaning as in section 133(1) of SSCB(NI)A 1992]
- (3) In section 668 “relevant couple”, in relation to a claimant, means the ^{F15}... couple of which the claimant is a member.

Textual Amendments

- F13** Words in s. 669(1) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **164(a)**
- F14** Words in s. 669(2) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **164(b)**
- F15** Words in s. 669(3) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **164(c)**

Jobseeker’s allowance

670 Child maintenance bonus

No liability to income tax arises on a part of a jobseeker’s allowance which is attributable to a child maintenance bonus (within the meaning of section 10 of CSA 1995 or Article 4 of CS(NI)O 1995).

671 Amounts in excess of taxable maximum

- (1) If the amount of jobseeker’s allowance paid to a person (“the claimant”) for a week or a part of a week exceeds the claimant’s taxable maximum for that period, no liability to income tax arises on the excess.
- (2) The claimant’s taxable maximum for a period is determined under sections 672 to 674.

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672 Taxable maximum: general

- (1) A claimant's taxable maximum for a week is determined—
 - (a) under section 673, if the claimant is paid an income-based jobseeker's allowance for that week, or
 - (b) under section 674, if the claimant is paid a contribution-based jobseeker's allowance for that week.
- (2) A claimant's taxable maximum for a part of a week is determined as follows—

Step 1

Assume that the jobseeker's allowance is paid to the claimant for the whole of, rather than part of, the week.

Step 2

Determine under section 673 or 674 what the claimant's taxable maximum for that week would be on that assumption.

Step 3

Determine the claimant's taxable maximum for the part of the week using this formula—

$$\frac{M}{7} \times \text{TMW}$$

where—

N is the number of days in the part of the week for which the claimant is actually paid the jobseeker's allowance, and

TMW is the taxable maximum for the whole week determined under step 2.

673 Taxable maximum: income-based jobseeker's allowance

- (1) A claimant's taxable maximum for a week is determined under this section if—
 - (a) the claimant is paid an income-based jobseeker's allowance for that week, or
 - (b) the claimant is assumed under section 672(2) to be paid an income-based jobseeker's allowance for that week.
- (2) If the claimant is not a member of a ^{F16}... couple, the claimant's taxable maximum for the week is equal to the age-related amount which would be applicable to the claimant if a contribution-based jobseeker's allowance were payable to the claimant for that week.
- (3) If the claimant is a member of a ^{F17}... couple, the claimant's taxable maximum for the week is equal to the portion of the applicable amount which is included in the jobseeker's allowance in respect of the couple for that week.
- (4) But if—
 - (a) the claimant is a member of a ^{F18}... couple, and
 - (b) the other member of that couple is prevented by section 14 of JSA 1995 or Article 16 of JS(NI)O 1995 (trade disputes) from being entitled to a jobseeker's allowance,

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the claimant's taxable maximum for that week is equal to half the portion of the applicable amount which is included in the jobseeker's allowance in respect of the couple for that week.

Textual Amendments

- F16** Words in s. 673(2) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **165**
- F17** Words in s. 673(3) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **165**
- F18** Words in s. 673(4)(a) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **165**

674 Taxable maximum: contribution-based jobseeker's allowance

- (1) A claimant's taxable maximum for a week is determined under this section if—
- (a) the claimant is paid a contribution-based jobseeker's allowance for that week, or
 - (b) the claimant is assumed under section 672(2) to be paid a contribution-based jobseeker's allowance for that week.
- (2) If the claimant is not a member of a ^{F19}... couple, the claimant's taxable maximum for the week is equal to the age-related amount which is applicable to the claimant for that week.
- (3) If the claimant is a member of a ^{F20}... couple, the claimant's taxable maximum for the week is equal to the portion of the applicable amount which would be included in the jobseeker's allowance in respect of the couple if an income-based jobseeker's allowance were payable to the claimant for that week.

Textual Amendments

- F19** Words in s. 674(2) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **166**
- F20** Words in s. 674(3) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **166**

675 Interpretation

- (1) In sections 671 to 674, except in relation to Northern Ireland—
- “age-related amount” and “applicable amount” mean the amounts determined as such in accordance with regulations made under section 4 of JSA 1995;
- ^{F21}“contribution-based jobseeker's allowance” means a jobseeker's allowance entitlement to which is based on the claimant's satisfying conditions which include those set out in section 2 of JSA 1995;
- “income-based jobseeker's allowance” means a jobseeker's allowance entitlement to which is based on the claimant's satisfying conditions which include those set out in section 3 of JSA 1995 or a joint-claim jobseeker's

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allowance (which means a jobseeker’s allowance entitlement to which arises by virtue of section 1(2B) of JSA 1995);]

[^{F22}“couple” has the same meaning as in section 35(1) of JSA 1995]

(2) In sections 671 to 674, in relation to Northern Ireland—

“age-related amount” and “applicable amount” mean the amounts determined as such in accordance with regulations made under Article 6 of JS(NI)O 1995;

“contribution-based jobseeker’s allowance” and “income-based jobseeker’s allowance” have the same meaning as in Article 3(4) of JS(NI)O 1995;

[^{F23}“couple” has the same meaning as in Article 2(2) of JS(NI)O 1995]

Textual Amendments

- F21** Words in s. 675(1) substituted (29.4.2013) by [The Universal Credit \(Consequential, Supplementary, Incidental and Miscellaneous Provisions\) Regulations 2013 \(S.I. 2013/630\)](#), regs. 1(2), **16(4)**
- F22** Words in s. 675(1) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **167(a)**
- F23** Words in s. 675(2) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **167(b)**

Increases in respect of children

676 Increases in respect of children

No liability to income tax arises on a part of a taxable benefit listed in Table A which is attributable to an increase in respect of a child.

CHAPTER 5

UK SOCIAL SECURITY BENEFITS WHOLLY EXEMPT FROM INCOME TAX

677 UK social security benefits wholly exempt from tax: Table B

(1) No liability to income tax arises on the United Kingdom social security benefits listed in Table B.

TABLE B—PART 1

BENEFITS PAYABLE UNDER PRIMARY LEGISLATION

<i>Social security benefit</i>	<i>Payable under</i>	
Attendance allowance	SSCBA 1992	Section 64
	SSCB(NI)A 1992	Section 64
Back to work bonus	JSA 1995	Section 26
	JS(NI)O 1995	Article 28
Bereavement payment	SSCBA 1992	Section 36
	SSCB(NI)A 1992	Section 36

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Child benefit	SSCBA 1992	Section 141
	SSCB(NI)A 1992	Section 137
Child's special allowance	SSCBA 1992	Section 56
	SSCB(NI)A 1992	Section 56
Child tax credit	TCA 2002	Part 1
Council tax benefit	SSCBA 1992	Section 131
Disability living allowance	SSCBA 1992	Section 71
	SSCB(NI)A 1992	Section 71
Guardian's allowance	SSCBA 1992	Section 77
	SSCB(NI)A 1992	Section 77
[^{F24} Health in pregnancy grant	SSCBA 1992	Section 140A
	SSCB(NI)A 1992	Section 136A]
Housing benefit	SSCBA 1992	Section 130
	SSCB(NI)A 1992	Section 129
[^{F25} In-work credit	ETA 1973	Section 2
	ETA(NI) 1950	Section 1
In-work emergency discretion fund payment	ETA 1973	Section 2
In-work emergency fund payment	ETA(NI) 1950	Section 1]
[^{F26} Income-related employment and support allowance	WRA 2007	Section 1(2)(b)]
	Any provision made for Northern Ireland which corresponds to section 1(2)(b) of WRA 2007	
Industrial injuries benefit (apart from industrial death benefit)	SSCBA 1992	Section 94
	SSCB(NI)A 1992	Section 94
Pensioner's Christmas bonus	SSCBA 1992	Section 148
	SSCB(NI)A 1992	Section 144
[^{F27} Personal independence payment	WRA 2012	Section 77]
	Any provision made for Northern Ireland which corresponds to section 77 of WRA 2012	
Payments out of the social fund	SSCBA 1992	Section 138
	SSCB(NI)A 1992	Section 134
[^{F25} Return to work credit	ETA 1973	Section 2
	ETA(NI) 1950	Section 1]
Severe disablement allowance	SSCBA 1992	Section 68
	SSCB(NI)A 1992	Section 68

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State maternity allowance	SSCBA 1992 SSCB(NI)A 1992	Section 35 Section 35
State pension credit	SPCA 2002 SPCA(NI) 2002	Section 1 Section 1
Working tax credit	TCA 2002	Part 1

TABLE B — PART 2

BENEFITS PAYABLE UNDER REGULATIONS

<i>Social security benefit</i>	<i>Payable under regulations made under</i>	
F28	F28	F28
...
...	F28	...
...
Payments to reduce under-occupation by housing benefit claimants	WRPA 1999 WRP(NI)O 1999	Section 79 Article 70

(2) Industrial death benefit is charged to tax under Part 9 (see section 577).

(3) In this section “industrial death benefit” means any benefit payable under—

- (a) section 94 of, and Part 6 of Schedule 7 to, SSCBA 1992, or
- (b) section 94 of, and Part 6 of Schedule 7 to, SSCB(NI)A 1992.

Textual Amendments

- F24** Words in s. 677(1) Table B Pt. 1 inserted (1.1.2009) by [Health and Social Care Act 2008 \(c. 14\)](#), [ss. 138\(4\)](#), [170\(3\)\(4\)](#); [S.I. 2008/3137](#), [art. 2](#)
- F25** Words in s. 677(1) Table B Pt. 1 inserted (with effect in accordance with s. 46(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 46\(1\)](#)
- F26** Words in s. 677(1) Table B Pt. 1 inserted (18.3.2008 for specified purposes) by [Welfare Reform Act 2007 \(c. 5\)](#), [s. 70\(2\)](#), [Sch. 3 para. 24\(5\)](#); [S.I. 2008/787](#), [art. 2\(1\)](#), [Sch.](#)
- F27** Words in s. 677(1) Table B Pt. 1 inserted (8.4.2013 for specified purposes, 10.6.2013 in so far as not already in force) by [Welfare Reform Act 2012 \(c. 5\)](#), [s. 150\(3\)](#), [Sch. 9 para. 49](#); [S.I. 2013/358](#), [art. 7\(1\)\(2\)\(k\)](#), [Sch. 3](#); [S.I. 2013/1250](#), [art. 2](#)
- F28** Words in s. 677(1) Table B Pt. 2 repealed (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 17 para. 9\(5\)](#), [Sch. 42 Pt. 2\(12\)](#)

CHAPTER 6

TAXABLE FOREIGN BENEFITS

678 Taxable benefits: foreign benefits

(1) This section applies to any benefit which is payable under the law of a country or territory outside the United Kingdom if—

- (a) it is substantially similar in character to a benefit listed in Table A, and
- (b) it is payable to a person resident in the United Kingdom.

Status: Point in time view as at 10/06/2013.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Part 10 is up to date with all changes known to be in force on or before 30 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)

- (2) But this section does not apply to a benefit which is charged to tax under Part 9 (pension income).

679 Taxable social security income

- (1) If section 678 applies, the taxable social security income for a taxable benefit for a tax year is [^{F29}the full amount of the social security income arising in the tax year, but subject to subsection (2).]

[^{F30}(2) That income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of ITTOIA 2005 (relevant foreign income: remittance basis and deductions and reliefs).

- (3) See also Chapter 4 of that Part (unremittable income).]

Textual Amendments

- F29** Words in s. 679(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 613\(2\)](#) (with [Sch. 2](#))
- F30** S. 679(2)(3) substituted for s. 679(2) (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 613\(3\)](#) (with [Sch. 2](#))

680 Person liable for tax

The person liable for any tax charged under this Part on a benefit to which section 678 applies is the person receiving or entitled to the benefit.

CHAPTER 7

TAXABLE AND OTHER FOREIGN BENEFITS: EXEMPTIONS

681 Taxable and other foreign benefits: exemptions

- (1) No liability to income tax arises on a taxable foreign benefit if, or to the extent that, the corresponding UK benefit is exempt income.
- (2) No liability to income tax arises on a benefit which is payable under the law of a country or territory outside the United Kingdom if it is substantially similar in character to a United Kingdom social security benefit listed in Table B.
- (3) In this section—
 “taxable foreign benefit” means a benefit to which section 678 applies;
 “corresponding UK benefit”, in relation to a taxable foreign benefit, means the taxable benefit listed in Table A to which the foreign benefit is substantially similar in character (see section 678).

[^{F31}681A Foreign benefits of consular employees

- (1) No liability to income tax arises in respect of any benefit to which section 678 applies of a consular officer or employee in the United Kingdom for a foreign state if—

Status: Point in time view as at 10/06/2013.

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- (a) Her Majesty by Order in Council directs that this section applies to the foreign state for the purpose of giving effect to a reciprocal arrangement with that state, and
 - (b) the officer or employee meets conditions A to C.
- (2) Condition A is that the officer or employee is not—
- (a) a British citizen,
 - (b) a British overseas territories citizen,
 - (c) a British National (Overseas), or
 - (d) a British Overseas citizen.
- (3) Condition B is that the officer or employee is not engaged in any trade, profession, vocation or employment in the United Kingdom, otherwise than as a consular officer or employee of the state in question.
- (4) Condition C is that the officer or employee—
- (a) is a permanent employee of that state, or
 - (b) was not ordinarily resident in the United Kingdom immediately before becoming a consular officer or employee in the United Kingdom of that state.
- (5) In this section—
- “consular officer or employee” includes any person employed for the purposes of the official business of a consular officer at—
- (a) any consulate,
 - (b) any consular establishment, or
 - (c) any other premises used for those purposes, and
- “reciprocal agreement” has the same meaning as in section 302.
- (6) Section 302(5) to (7) apply to an Order under subsection (1) and the operation of this section as they apply to an Order under section 302(1) and the operation of section 302.]

Textual Amendments

- F31** S. 681A inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 614](#) (with [Sch. 2](#))

[^{F32}CHAPTER 8

HIGH INCOME CHILD BENEFIT CHARGE

Textual Amendments

- F32** Pt. 10 Ch. 8 inserted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 1 para. 1](#)

681B High income child benefit charge

- (1) A person (“P”) is liable to a charge to income tax for a tax year if—

Status: Point in time view as at 10/06/2013.

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- (a) P's adjusted net income for the year exceeds £50,000, and
 - (b) one or both of conditions A and B are met.
- (2) The charge is to be known as a “high income child benefit charge”.
- (3) Condition A is that—
- (a) P is entitled to an amount in respect of child benefit for a week in the tax year, and
 - (b) there is no other person who is a partner of P throughout the week and has an adjusted net income for the year which exceeds that of P.
- (4) Condition B is that—
- (a) a person (“Q”) other than P is entitled to an amount in respect of child benefit for a week in the tax year,
 - (b) Q is a partner of P throughout the week, and
 - (c) P has an adjusted net income for the year which exceeds that of Q.

681C The amount of the charge

- (1) The amount of the high income child benefit charge to which a person (“P”) is liable for a tax year is the appropriate percentage of the total of—
- (a) any amounts in relation to which condition A is met, and
 - (b) any amounts in relation to which condition B is met.
- For conditions A and B, see section 681B.

- (2) “The appropriate percentage” is—
- (a) 100%, or
 - (b) if less, the percentage determined by the formula—

$$\text{ANI} - L \times \%$$

Where—

ANI is P's adjusted net income for the tax year;

L is £50,000;

X is £100.

- (3) If—
- (a) the total of the amounts mentioned in paragraphs (a) and (b) of subsection (1), or the amount of the charge determined under that subsection, is not a whole number of pounds, or
 - (b) the percentage determined under subsection (2)(b) is not a whole number, it is to be rounded down to the nearest whole number.

681D Extension of charge in cases where child not living with claimant

- (1) This section applies where—
- (a) a person (“R”) is entitled to an amount in respect of child benefit for a child for a week in a tax year by virtue of section 143(1)(b) of SSCBA 1992 or section 139(1)(b) of SSCB(NI)A 1992 (persons contributing to the cost of providing for a child),

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- (b) neither R, nor any person who is a partner of R throughout that week, is liable for a charge to income tax in respect of that amount under section 681B, and
 - (c) there is another person (“S”) who, for the purposes of section 143(1)(a) of SSCBA 1992 or section 139(1)(a) of SSCB(NI)A 1992 (persons with whom child is living), is a person who has the child living with him or her in that week.
- (2) Section 681B applies as if S were entitled to the amount of child benefit mentioned in subsection (1)(a).
- (3) Where there is more than one person to whom subsection (1)(c) applies in relation to an amount of child benefit for a week, subsection (2) applies only to the one with the highest adjusted net income for the tax year.
- (4) For the purposes of subsection (1)(a), an amount of child benefit to which R is entitled for a week is to be ignored if—
- (a) the period (which includes that week) for which R is entitled to child benefit by virtue of section 143(1)(b) of SSCBA 1992 or section 139(1)(b) of SSCB(NI)A 1992 in respect of the same child does not exceed 52 weeks, and
 - (b) R is entitled to child benefit in respect of the child for the week immediately before and the week immediately after that period by virtue of section 143(1)(a) of SSCBA 1992 or section 139(1)(a) of SSCB(NI)A 1992.
- (5) In this section “child” means—
- (a) a child within the meaning of section 142 of SSCBA 1992 or section 138 of SSCB(NI)A 1992, or
 - (b) a qualifying young person within the meaning of either of those sections.

681E Special cases

- (1) The following amounts are to be disregarded for the purposes of this Chapter—
- (a) amounts to which a person is entitled but in respect of which an election under section 13A of the Social Security Administration Act 1992 or section 11A of the Social Security Administration (Northern Ireland) Act 1992 (election for payment of child benefit not to be made if high income child benefit charge would be triggered) has effect;
 - (b) amounts to which a person is entitled by virtue of section 145A of SSCBA 1992 or section 141A of SSCB(NI)A 1992 (entitlement to child benefit after death of child or qualifying young person).
- (2) Subsection (3) applies if—
- (a) a person (“T”) is entitled to an amount in respect of child benefit for a week in a tax year or is treated as so entitled by virtue of section 681D(2),
 - (b) two or more other persons are partners of T throughout the week, and
 - (c) two or more of those persons would, apart from subsection (3), each be liable to a charge under section 681B(1) in relation to that amount.
- (3) Only one of those persons is liable, namely the person with the highest adjusted net income for the tax year.

681F Alteration of income limit etc by Treasury order

- (1) The Treasury may by order—

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- (a) substitute another amount for the amount for the time being specified in section 681B(1)(a) and defined as “L” in section 681C(2), or
 - (b) substitute another amount for the amount defined as “X” in section 681C(2).
- (2) An order under this section has effect for tax years beginning after the order is made.
- (3) A statutory instrument containing an order under this section which increases any person's liability to income tax may not be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.

681G Meaning of “partner”

- (1) For the purposes of this Chapter a person is a “partner” of another person at any time if any of conditions A to D is met at that time.
- (2) Condition A is that the persons are a man and a woman who are married to each other and are neither—
- (a) separated under a court order, nor
 - (b) separated in circumstances in which the separation is likely to be permanent.
- (3) Condition B is that the persons are a man and a woman who are not married to each other but are living together as husband and wife.
- (4) Condition C is that the persons are two men, or two women, who are civil partners of each other and are neither—
- (a) separated under a court order, nor
 - (b) separated in circumstances in which the separation is likely to be permanent.
- (5) Condition D is that the persons are two men, or two women, who are not civil partners of each other but are living together as if they were civil partners.

681H Other interpretation provisions

- (1) This section applies for the purposes of this Chapter.
- (2) “Adjusted net income” of a person for a tax year means the person's adjusted net income for that tax year as determined under section 58 of ITA 2007.
- (3) “Week” means a period of 7 days beginning with a Monday; and a week is in a tax year if (and only if) the Monday with which it begins is in the tax year.]

Status:

Point in time view as at 10/06/2013.

Changes to legislation:

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