



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 2

EMPLOYMENT INCOME: CHARGE TO TAX

CHAPTER 4

[^{F1}TAXABLE EARNINGS: UK RESIDENT EMPLOYEES]

Textual Amendments

- F1** Pt. 2 Ch. 4 heading substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by Finance Act 2008 (c. 9), [Sch. 7 para. 6](#)

Taxable earnings

14 Taxable earnings under this Chapter: introduction

- (1) This Chapter sets out for the purposes of this Part what are taxable earnings from an employment in a tax year in cases where section 15 (earnings for year when employee [^{F2}UK resident]) applies to general earnings for a tax year.
- (2) In this Chapter—
 - (a) sections 16 and 17 deal with the year for which general earnings are earned, and
 - (b) sections 18 and 19 deal with the time when general earnings are received.
- (3) In the employment income Parts any reference to the charging provisions of this Chapter is a reference to section 15.

Status: Point in time view as at 01/09/2013.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 4 is up to date with all changes known to be in force on or before 18 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F2** Words in s. 14(1) substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 7 para. 7**

[^{F3}UK resident employees]

Textual Amendments

- F3** S. 15 cross-heading substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 7 para. 8**

15 Earnings for year when employee [^{F4}UK resident]

[^{F5}(1) This section applies to general earnings for a tax year for which the employee is UK resident except that, in the case of a split year, it does not apply to any part of those earnings that is excluded.

(1A) General earnings are “excluded” if they—

- (a) are attributable to the overseas part of the split year, and
- (b) are neither—
 - (i) general earnings in respect of duties performed in the United Kingdom, nor
 - (ii) general earnings from overseas Crown employment subject to United Kingdom tax.]

(2) The full amount of any general earnings within subsection (1) which are received in a tax year is an amount of “taxable earnings” from the employment in that year.

[^{F6}(3) Subsection (2) applies whether or not the employment is held when the earnings are received.]

[^{F7}(4) Any attribution required for the purposes of subsection (1A)(a) is to be done on a just and reasonable basis.

(5) The following provisions of Chapter 5 of this Part apply for the purposes of subsection (1A)(b) as for the purposes of section 27(2)—

- (a) section 28 (which defines “general earnings from overseas Crown employment subject to United Kingdom tax”), ^{F8}...
- (b) sections 38 to 41 (which contain rules for determining the place of performance of duties of employment) [^{F9}, and
- (c) section 41ZA (which is about determining the extent to which general earnings are in respect of United Kingdom duties).]

(6) Subject to any provision made in an order under section 28(5) for the purposes of subsection (1A)(b), provisions made in an order under that section for the purposes of section 27(2) apply for the purposes of subsection (1A)(b) too.]

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Textual Amendments

- F4** Words in s. 15 heading substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 9\(4\)](#)
- F5** S. 15(1)(1A) substituted for s. 15(1) (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 58\(1\)](#)
- F6** S. 15(3) substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 9\(3\)](#)
- F7** S. 15(4)-(6) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 58\(2\)](#)
- F8** Word in s. 15(5) omitted (with effect in accordance with Sch. 6 para. 7 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 6 para. 2\(a\)](#)
- F9** S. 15(5)(c) and word inserted (with effect in accordance with Sch. 6 para. 7 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 6 para. 2\(b\)](#)

Year for which general earnings are earned

16 Meaning of earnings “for” a tax year

- (1) This section applies for determining whether general earnings are general earnings “for” a particular tax year for the purposes of this Chapter.
- (2) General earnings that are earned in, or otherwise in respect of, a particular period are to be regarded as general earnings for that period.
- (3) If that period consists of the whole or part of a single tax year, the earnings are to be regarded as general earnings “for” that tax year.
- (4) If that period consists of the whole or parts of two or more tax years, the part of the earnings that is to be regarded as general earnings “for” each of those tax years is to be determined on a just and reasonable apportionment.
- (5) This section does not apply to any amount which is required by a provision of Part 3 to be treated as earnings for a particular tax year.

17 Treatment of earnings for year in which employment not held

- (1) This section applies for the purposes of this Chapter in a case where general earnings from an employment would otherwise fall to be regarded as general earnings for a tax year in which the employee does not hold the employment.
- (2) If that year falls before the first tax year in which the employment is held, the earnings are to be treated as general earnings for that first tax year.
- (3) If that year falls after the last tax year in which the employment was held, the earnings are to be treated as general earnings for that last tax year.
- (4) This section does not apply in connection with determining the year for which amounts are to be treated as earnings under Chapters 2 to 11 of Part 3 (the benefits code).

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When general earnings are received

18 Receipt of money earnings

- (1) General earnings consisting of money are to be treated for the purposes of this Chapter as received at the earliest of the following times—

Rule 1

The time when payment is made of or on account of the earnings.

Rule 2

The time when a person becomes entitled to payment of or on account of the earnings.

Rule 3

If the employee is a director of a company and the earnings are from employment with the company (whether or not as director), whichever is the earliest of—

- (a) the time when sums on account of the earnings are credited in the company's accounts or records (whether or not there is any restriction on the right to draw the sums);
- (b) if the amount of the earnings for a period is determined by the end of the period, the time when the period ends;
- (c) if the amount of the earnings for a period is not determined until after the period has ended, the time when the amount is determined.

- (2) Rule 3 applies if the employee is a director of the company at any time in the tax year in which the time mentioned falls.

- (3) In this section “director” means—

- (a) in relation to a company whose affairs are managed by a board of directors or similar body, a member of that body,
- (b) in relation to a company whose affairs are managed by a single director or similar person, that director or person, and
- (c) in relation to a company whose affairs are managed by the members themselves, a member of the company,

and includes any person in accordance with whose directions or instructions the directors of the company (as defined above) are accustomed to act.

- (4) For the purposes of subsection (3) a person is not to be regarded as a person in accordance with whose directions or instructions the directors of the company are accustomed to act merely because the directors act on advice given by that person in a professional capacity.

- (5) Where this section applies—

- (a) to a payment on account of general earnings, or
- (b) to sums on account of general earnings,

it so applies for the purpose of determining the time when an amount of general earnings corresponding to the amount of that payment or those sums is to be treated as received for the purposes of this Chapter.

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19 Receipt of non-money earnings

- (1) General earnings not consisting of money are to be treated for the purposes of this Chapter as received at the following times.
- (2) If an amount is treated as earnings for a particular tax year under any of the following provisions, the earnings are to be treated as received in that year—
 - section 81 (taxable benefits: cash vouchers),
 - section 94 (taxable benefits: credit-tokens),
 - Chapter 5 of Part 3 (taxable benefits: living accommodation),
 - Chapter 6 of Part 3 (taxable benefits: cars, vans and related benefits),
 - Chapter 7 of Part 3 (taxable benefits: loans),
 - F10**
...
 - F10**
...
 - Chapter 10 of Part 3 (taxable benefits: residual liability to charge),
 - section 222 (payments treated as earnings: payments on account of tax where deduction not possible),
 - section 223 (payments treated as earnings: payments on account of director's tax).
 - [**F11**section 226A (amount treated as earnings: employee shareholder shares).] ,
- (3) If an amount is treated as earnings under section 87 (taxable benefits: non-cash vouchers), the earnings are to be treated as received in the tax year mentioned in section 88.
- (4) If subsection (2) or (3) does not apply, the earnings are to be treated as received at the time when the benefit is provided.

Textual Amendments

- F10** S. 19(2) entries repealed (with effect in accordance with Sch. 22 para. 18(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 22 para. 18\(1\)](#), [Sch. 43 Pt. 3\(4\)](#)
- F11** Words in s. 19(2) inserted (1.9.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 23 paras. 2, 38](#); S.I. [2013/1755](#), art. 2

Status:

Point in time view as at 01/09/2013.

Changes to legislation:

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