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*Status: Point in time view as at 06/04/2021.*

*Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Employees not resident in UK is up to date with all changes known to be in force on or before 06 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)*

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# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 2

#### EMPLOYMENT INCOME: CHARGE TO TAX

### CHAPTER 5

#### [<sup>F1</sup>TAXABLE EARNINGS: REMITTANCE BASIS RULES AND RULES FOR NON-UK RESIDENT EMPLOYEES]

#### *Employees not resident in UK*

### 27 UK-based earnings for year when employee not resident in UK

- (1) This section applies to general earnings for a tax year [<sup>F2</sup>for which] the employee is not resident in the United Kingdom if they are—
- (a) general earnings in respect of duties performed in the United Kingdom, <sup>F3</sup>...
  - (b) general earnings from overseas Crown employment subject to United Kingdom tax [<sup>F4</sup>, or
  - (c) general earnings to which section 402B (termination payments, and other benefits, that cannot benefit from the section 403 threshold, to be treated as earnings) applies.]
- (2) The full amount of any general earnings within subsection [<sup>F5</sup>(1)(a) or (b)] which are received in a tax year is an amount of “taxable earnings” from the employment in that year.

[<sup>F6</sup>(2A) The percentage of the general earnings within subsection (1)(c) that are an amount of “taxable earnings” from the employment in the tax year in which they are received is given by—

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A B x 100

where—

B is the total amount of general earnings from the employment that it is reasonable to assume the employee would have received in respect of the post-employment notice period (within the meaning given by section 402E(5)) if the employee's employment had not been terminated until the end of that period, and

A is the total amount of those general earnings that it is reasonable to assume would have been taxable earnings by virtue of subsection (1)(a) or (b).]

[<sup>F7</sup>(3) [<sup>F8</sup>Subsections (2) and (2A) apply] whether or not the employment is held when the earnings are received.]

(4) Section 28 explains what is meant by “general earnings from overseas Crown employment subject to United Kingdom tax”.

[<sup>F9</sup>(5) Sections 18 and 19 (time when earnings are received) apply for the purposes of this section.]

#### Textual Amendments

- F2** Words in s. 27(1) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), **Sch. 45 para. 149**
- F3** Word in s. 27(1)(a) omitted (with effect in accordance with s. 22(8) of the amending Act) by virtue of [Finance Act 2021 \(c. 26\)](#), **s. 22(2)(a)**
- F4** S. 27(1)(c) and word inserted (with effect in accordance with s. 22(8) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **s. 22(2)(b)**
- F5** Words in s. 27(2) substituted (with effect in accordance with s. 22(8) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **s. 22(3)**
- F6** S. 27(2A) inserted (with effect in accordance with s. 22(8) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **s. 22(4)**
- F7** S. 27(3) substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 20(2)**
- F8** Words in s. 27(3) substituted (with effect in accordance with s. 22(8) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **s. 22(5)**
- F9** S. 27(5) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 20(3)**

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