



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 2

EMPLOYMENT INCOME: CHARGE TO TAX

[^{F1}CHAPTER 9

MANAGED SERVICE COMPANIES

[^{F1}Supplementary provisions

Textual Amendments

F1 Pt. 2 Ch. 9 inserted (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), s. 25(2), [Sch. 3 para. 4](#)

61H Relief in case of distributions by managed service company

- (1) A claim for relief may be made under this section where the MSC—
 - (a) is a body corporate,
 - (b) is treated as making a deemed employment payment in any tax year, and
 - (c) either in that tax year (whether before or after that payment is treated as made), or in a subsequent tax year, makes a distribution (a “relevant distribution”).
- (2) A claim for relief under this section must be made—
 - (a) by the MSC by notice to an officer of Revenue and Customs, and
 - (b) within 5 years after 31st January following the tax year in which the distribution is made.

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 21 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) If on a claim being made an officer of Revenue and Customs is satisfied that relief should be given in order to avoid a double charge to tax, the officer must direct the giving of such relief by way of amending any assessment, by discharge or repayment of tax, or otherwise, as appears to the officer appropriate.
- (4) Relief under this section is given by setting the amount of the deemed employment payment against the relevant distribution so as to reduce the distribution.
- (5) In the case of more than one relevant distribution, an officer of Revenue and Customs must exercise the power conferred by this section so as to secure that so far as practicable relief is given by setting the amount of a deemed employment payment—
- (a) against relevant distributions of the same tax year before those of other years,
 - (b) against relevant distributions received by the worker before those received by another person, and
 - (c) against relevant distributions of earlier years before those of later years.

^{F2}(6)

Textual Amendments

- F2** S. 61H(6) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), Sch. 1 para. 61\(2\)](#)

611 Meaning of “associate”

- (1) Subsections (2) to (4) apply for the purposes of this Chapter.
- (2) “Associate”, in relation to an individual, means—
- (a) a member of the individual's family or household,
 - (b) a relative of the individual,
 - (c) a partner of the individual, or
 - (d) the trustee of any settlement in relation to which the individual, or a relative of the individual or member of the individual's family (living or dead), is or was a settlor.
- (3) “Associate”, in relation to a company, means a person connected with the company.
- (4) “Associate”, in relation to a partnership, means any associate of a member of the partnership.
- (5) If—
- (a) a managed service company (“the MSC”) is a partnership, and
 - (b) a person is an associate of another person by virtue only of being a member of the partnership,
- the person is to be treated, for the purposes of this Chapter as it applies in relation to the MSC, as if the person were not an associate of that other person.
- (6) In subsection (2), “relative” means ancestor, lineal descendant, brother or sister.
- [^{F3}(7) For the purposes of subsection (2), two people living together as if they were a married couple or civil partners are treated as if they were married to, or civil partners of, each other.]

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Textual Amendments

- F3** S. 61I(7) substituted (2.12.2019) by [The Civil Partnership \(Opposite-sex Couples\) Regulations 2019](#) (S.I. 2019/1458), reg. 1(2), [Sch. 3 para. 25\(3\)](#)

61J Interpretation of Chapter

(1) In this Chapter—

- “associate” has the meaning given by section 61I,
- “business” means any trade, profession or vocation,
- “the client” has the meaning given by section 61D(4),
- “employer's national insurance contributions” means secondary Class 1 or Class 1A national insurance contributions,
- [^{F4}“engagement to which Chapter 10 applies” has the meaning given by section 61M(5),]
- “managed service company” has the meaning given by section 61B,
- “national insurance contributions” means contributions under Part 1 of SSCBA 1992 or Part 1 of SSCB(NI)A 1992,
- “PAYE provisions” means the provisions of Part 11 or PAYE regulations,
- “the relevant services” has the meaning given by section 61D(4), and
- “the worker” has the meaning given by section 61D(4).

(2) Nothing in section 995 of ITA 2007 (meaning of control) applies for the purposes of this Chapter.]

Textual Amendments

- F4** Words in s. 61J(1) inserted (with effect in accordance with Sch. 1 para. 15 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 1 para. 8](#)

Changes to legislation:

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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):

- s. 452(2)(aa) inserted by [2013 c. 29 Sch. 23 para. 11](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)