



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4 **U.K.**

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 5 **U.K.**

EXEMPTIONS: RECREATIONAL BENEFITS

Recreational facilities

261 Exemption of recreational benefits **U.K.**

- (1) No liability to income tax arises in respect of the provision to an employee or a member of an employee's family or household of benefits within subsection (2).
- (2) The benefits are—
 - (a) sporting or other recreational facilities which meet conditions A to C, and
 - (b) a right or opportunity to make use of such facilities.

This is subject to section 262.

- (3) Condition A is that the facilities are available generally to the employees of the employer in question.
- (4) Condition B is that they are not available to members of the public generally.
- (5) Condition C is that they are used wholly or mainly by persons whose right or opportunity to use them is employment-related (whether or not by reference to the same employer).

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Recreational facilities is up to date with all changes known to be in force on or before 22 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) View outstanding changes

- (6) A person’s right or opportunity to use facilities is “employment-related” if and only if—
- (a) it derives from the person being—
 - (i) an employee or former employee, or
 - (ii) a member or former member of the family or household of an employee or former employee, of a particular employer, and
 - (b) the facilities are provided so as to be available generally to that employer’s employees.

262 Benefits not exempted by section 261 **U.K.**

- (1) Section 261 (exemption of recreational benefits) does not apply to the following benefits—
- (a) an interest in or the use of any of the following—
 - (i) a mechanically propelled vehicle,
 - (ii) holiday or other overnight accommodation, or
 - (iii) facilities which include, or are provided in association with, a right or opportunity to make use of holiday or overnight accommodation,
 - (b) facilities provided on domestic premises, or
 - (c) a right or opportunity to make use of facilities within paragraph (a) or (b).
- (2) In this section—
- “domestic premises” means—
 - (a) premises used wholly or mainly as a private dwelling, or
 - (b) land or other premises belonging to, or enjoyed with, premises so used, and
 - “vehicle” includes a ship, boat or other vessel, an aircraft and a hovercraft.

263 Power to alter benefits to which section 261 applies **U.K.**

The Treasury may by regulations provide that section 261—

- (a) does not apply to a benefit specified in the regulations,
- (b) applies to a benefit so specified only where such conditions as the regulations specify are met in relation to the terms on which, and the persons to whom, it is provided, or
- (c) applies in such cases as are so specified to—
 - (i) facilities that do not meet the conditions in section 261(3) to (5), or
 - (ii) a benefit within section 262.

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\(4\)](#)