



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

CHAPTER 7

TAXABLE BENEFITS: LOANS

Introduction

174 Employment-related loans

- (1) For the purposes of this Chapter an employment-related loan is a loan—
 - (a) made to an employee or a relative of an employee, and
 - (b) of a class described in subsection (2).
- (2) For the purposes of this Chapter the classes of employment-related loan are—
 - A*
A loan made by the employee's employer.
 - B*
A loan made by a company or partnership over which the employee's employer had control.
 - C*
A loan made by a company or partnership by which the employer (being a company or partnership) was controlled.

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 174 is up to date with all changes known to be in force on or before 22 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*

D

A loan made by a company or partnership which was controlled by a person by whom the employer (being a company or partnership) was controlled.

E

A loan made by a person having a material interest in—

- (a) a close company which was the employer, had control over the employer or was controlled by the employer, or
- (b) a company or partnership controlling that close company.

(3) In this section—

“employee” includes a prospective employee, and
“employer” includes a prospective employer.

(4) References in this section to a loan being made by a person extend to a person who—

- (a) assumes the rights and liabilities of the person who originally made the loan, or
- (b) arranges, guarantees or in any way facilitates the continuation of a loan already in existence.

(5) A loan is not an employment-related loan if—

- (a) it is made by an individual in the normal course of the individual’s domestic, family or personal relationships, or
- (b) it is made to a relative of the employee and the employee derives no benefit from it.

(6) For the purposes of this section a person (“X”) is a relative of another (“Y”) if X is—

- (a) Y’s spouse [^{F1}or civil partner] ,
- (b) a parent, child or remoter relation in the direct line either of Y or of Y’s spouse [^{F1}or civil partner] ,
- (c) a brother or sister of Y or of Y’s spouse [^{F1}or civil partner] , or
- (d) the spouse [^{F1}or civil partner] of a person falling within paragraph (b) or (c).

Textual Amendments

- F1** Words in s. 174(6) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **141**

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\(4\)](#)