



# 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

*Loan released or written off*

#### **188 Loan released or written off: amount treated as earnings**

(1) If—

- (a) the whole or part of an employment-related loan is released or written off in a tax year, and
- (b) at the time when it is released or written off the employee holds the employment in relation to which the loan is an employment-related loan (“employment E”),

the amount released or written off is to be treated as earnings from the employment for that year.

(2) But if the employment has terminated or become [F1lower-paid employment as a minister of religion] and there was a time when—

- (a) the whole or part of the loan was outstanding,
- (b) the employee held the employment, and
- (c) it was not [F1lower-paid employment as a minister of religion],

subsection (1) applies as if the employment had not terminated or become [F1lower-paid employment as a minister of religion] .

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**Status:** Point in time view as at 26/03/2015.

**Changes to legislation:** *Income Tax (Earnings and Pensions) Act 2003, Section 188 is up to date with all changes known to be in force on or before 25 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)*

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- (3) Where subsection (2) applies, any loan which replaces directly or indirectly the employment-related loan is to be treated as an employment-related loan in relation to employment E if—
- (a) it would, if employment E had not terminated or become [<sup>F2</sup>lower-paid employment as a minister of religion], have been an employment-related loan in relation to employment E, and
  - (b) it is not an employment-related loan in relation to other employment.
- (4) This section is subject to section 189 (exception where double charge).

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**Textual Amendments**

- F1** Words in s. 188(2) substituted (with effect in accordance with s. 13(4) of the amending Act) by [Finance Act 2015 \(c. 11\), Sch. 1 para. 12\(2\)](#)
- F2** Words in s. 188(3)(a) substituted (with effect in accordance with s. 13(4) of the amending Act) by [Finance Act 2015 \(c. 11\), Sch. 1 para. 12\(3\)](#)

**Status:**

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