



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 10

EXEMPTIONS: TERMINATION OF EMPLOYMENT

Outplacement benefits

311 Retraining courses

- (1) No liability to income tax arises in respect of the payment or reimbursement of retraining course expenses by a person (“the employer”) if the course conditions, the employment conditions and, in the case of travel expenses, the conditions in subsection (5) are met.
- (2) In subsection (1) “retraining course expenses” means—
 - (a) fees for the attendance of another person (“the employee”) at a training course,
 - (b) travelling expenses incurred in connection with it,
 - (c) fees for an examination taken during or at the end of it, or
 - (d) the cost of any books which are essential for a person attending it.
- (3) The course conditions are that—
 - (a) the course provides training designed to impart or improve skills or knowledge relevant to, and intended to be used in the course of, gainful employment (including self-employment) of any description,
 - (b) it is entirely devoted to the teaching or practical application (or both) of the skills or knowledge, [^{F1}and]

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 311 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*

- (c) it lasts no more than [^{F2}two years]. ^{F3}...
- (d)
- (4) The employment conditions are that—
- (a) the employee begins the course while employed by the employer or within the period of one year after the employment ceases,
 - (b) the employee ceases to be employed by the employer before the end of the period of 2 years beginning at the end of the course and is not re-employed by the employer within the period of 2 years after so ceasing,
 - (c) the employee is employed ^{F4}... in the employment which is ceasing throughout the period of 2 years ending—
 - (i) when the employee begins the course, or
 - (ii) if earlier, when the employment ceases, and
 - (d) the opportunity to undertake the course, on similar terms as to payment or reimbursement of amounts within subsection (1), is available—
 - (i) generally to the employee’s fellow employees or former fellow employees in that employment, or
 - (ii) to a particular class or classes of them.
- (5) The travel expenses must be—
- (a) expenses in respect of which, on the assumptions in subsection (6), mileage allowance relief under Chapter 2 of this Part would be available if no mileage allowance payments had been made, or
 - (b) expenses which, on those assumptions, would be deductible under Part 5.
- (6) The assumptions are—
- (a) that attendance at the course is one of the duties of the employee’s employment,
 - (b) that the employee incurs and pays the expenses, and
 - (c) if the employee has in fact ceased to be employed by the employer, that the employee continues to be employed by the employer.
- (7) In this section “mileage allowance payments” has the meaning given by section 229(2).

Textual Amendments

- F1** Word in s. 311(3)(b) inserted (with effect in accordance with s. 18(5) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 18\(3\)\(a\)](#)
- F2** Words in s. 311(3)(c) substituted (with effect in accordance with s. 18(5) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 18\(3\)\(b\)](#)
- F3** S. 311(3)(d) repealed (with effect in accordance with s. 18(5) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 18\(3\)\(c\), Sch. 11 Pt. 2\(1\)](#)
- F4** Word in s. 311(4)(c) repealed (with effect in accordance with s. 18(5) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 18\(4\), Sch. 11 Pt. 2\(1\)](#)

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\(4\)](#)