



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

[^{F1}CHAPTER 10A

EXEMPTIONS: BONUS PAYMENTS BY CERTAIN EMPLOYERS

[^{F1}312G “Service company”

- (1) For the purposes of section 312B, “service company” means—
 - (a) a managed service company within the meaning of section 61B, or
 - (b) a company (“SC”) in respect of which Conditions A and B are met.
- (2) Condition A is that the business carried on by SC consists substantially of the provision of the services of persons employed by it.
- (3) Condition B is that the majority of those services are provided to persons—
 - (a) to whom subsection (4) applies, but
 - (b) who are not members of the same group as the company which makes the payment.
- (4) This subsection applies to—
 - (a) a person who controls or has controlled, or two or more persons who together control or have controlled, SC or any company of which SC is a 51% subsidiary at the time the payment is made,
 - (b) a person who, or two or more persons who together, at any time before the time the payment is made—
 - (i) employed all or a majority of the employees of SC, or

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 312G 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*

- (ii) employed all or a majority of the employees of SC and other companies which are members of the same group as SC at the time the payment is made (taken together), and
 - (c) any company which is a 51% subsidiary of, controlled by or connected or associated with, any person within paragraph (a) or (b).
- (5) For the purposes of subsection (4)—
 - (a) a partnership is to be treated as a single person, and
 - (b) where a partner (alone or together with others) has control of a company, the partnership is to be treated as having (in the same way) control of that company.
- (6) The following provisions apply for the purposes of this section—
 - (a) section 449 of CTA 2010 (“associated company”);
 - (b) section 995 of ITA 2007 (meaning of “control”);
 - (c) section 286 of TCGA 1992 (connected persons: interpretation).]

Textual Amendments

- F1** Pt. 4 Ch. 10A inserted (with effect in accordance with Sch. 37 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 37 para. 5](#)

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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\(4\)](#)