



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 11

MISCELLANEOUS EXEMPTIONS

Living accommodation

315 Limited exemption for expenses connected with certain living accommodation

- (1) This section applies if—
 - (a) living accommodation is provided for an employee in a tax year, and
 - (b) conditions A and B are met.
- (2) Condition A is that the accommodation falls within the exception in one of the following provisions—
 - section 99(1) (accommodation necessary for proper performance of duties),
 - section 99(2) (accommodation provided for better performance of duties), or
 - section 100 (accommodation provided as a result of security threat).
- (3) Condition B is that there is an amount of earnings from the employment in the tax year by virtue of expenditure, or the reimbursement to the employee of expenditure, on—
 - (a) heating, lighting or cleaning the premises,
 - (b) repairs to the premises, their maintenance or decoration, or
 - (c) the provision in the premises of furniture, equipment or other items which are normal for domestic occupation.

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 315 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*

- (4) If this section applies, no liability to income tax arises in respect of the earnings mentioned in subsection (3) to the extent that they exceed—

$$\left(10\% \times NE \times \frac{DA}{DE}\right) - SMG$$

where—

DA is the number of reckonable days in the tax year (a “reckonable day” being a day on which—

- (a) the accommodation is provided, and
- (b) the employment is held by the employee),

DE is—

- (a) the number of days in that year, or
- (b) if the employment is held for only part of that year, the number of days in that part,

NE is the net amount of the earnings from the employment in the tax year (see subsection (5)),

SMG is, where the expenses are incurred by a person other than the employee, so much of any sum made good by the employee to that other person as is properly attributable to the expenses.

- (5) To calculate the net amount of the earnings from the employment—

Step 1

Take the earnings from the employment, leaving out of account the expenses in question.

Step 2

Add, in the case of employment by a company, the earnings from any employment by an associated company.

A company is “associated” with another for this purpose if one has control of the other or both are under the control of the same person.

Step 3

Deduct any deductions allowable under—

- (a) section 232 (giving effect to mileage allowance relief) or Part 5 of this Act,
- [^{F1}(b) sections 188 to 194 of FA 2004 (contributions to registered pension schemes), or]
- (c) section 262 of CAA 2001 (capital allowances to be given effect by treating them as deductions from earnings).

Textual Amendments

- F1** Words in s. 315(5) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 59](#) (with [Sch. 36](#))

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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\(4\)](#)