



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 5

#### EMPLOYMENT INCOME: DEDUCTIONS ALLOWED FROM EARNINGS

#### CHAPTER 2

#### DEDUCTIONS FOR EMPLOYEE'S EXPENSES

#### *Employee liabilities and indemnity insurance*

#### **349 Meaning of “qualifying insurance contract”**

- (1) In section 346 “qualifying insurance contract” means a contract of insurance which meets conditions A, B, C and D.
- (2) Condition A is that, so far as the risks insured against are concerned, the contract only relates to one or more of the following—
  - (a) the indemnification of an employee against a liability related to the employment,
  - (b) the indemnification of a person against vicarious liability in respect of a liability related to another person's employment,
  - (c) the payment of costs or expenses incurred—
    - (i) in connection with a claim that a person is subject to a liability to which the insurance relates, or
    - (ii) in connection with any proceedings relating to or arising out of a claim that a person is subject to a liability to which the insurance relates,
  - (d) the indemnification of an employer against loss from a payment made by the employer to an employee in respect of—

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*Status: Point in time view as at 27/01/2016. This version of this provision has been superseded.*

**Changes to legislation:** *Income Tax (Earnings and Pensions) Act 2003, Section 349 is up to date with all changes known to be in force on or before 06 August 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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- (i) a liability related to the employment, or
  - (ii) any costs or expenses incurred as mentioned in paragraph (c).
- (3) Condition B is that—
  - (a) the period of insurance under the contract does not exceed 2 years or, if it does, it does so only because of one or more renewals, each for a period of 2 years or less, and
  - (b) the insured is not required to renew the contract for any period.
- (4) Condition C is—
  - (a) that the insured is not entitled under the contract to receive any payment or other benefit in addition to—
    - (i) cover for the risks insured against, and
    - (ii) any right to renew the contract, or
  - (b) if the insured is so entitled, that the part of the premium reasonably attributable to the entitlement is not a significant part of the whole premium.
- (5) Condition D is that the contract is not connected with another contract.

**Status:**

Point in time view as at 27/01/2016. This version of this provision has been superseded.

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