



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

[^{F1}PART 7A

EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

CHAPTER 2

TREATMENT OF RELEVANT STEP FOR INCOME TAX PURPOSES

Employment income

[^{F1}554Z8] Cases where consideration given for relevant step

- (1) Subsection (2) applies if—
 - (a) the relevant step is a step within section 554C(1)(a) to (c),
 - (b) the relevant step is for consideration given by A in the form of the transfer of an asset to P from A,
 - (c) the transfer by A of the asset is made before, or at or about, the time the relevant step is taken and is not by way of a loan, and
 - (d) there is no connection (direct or indirect) between the transfer by A of the asset and a tax avoidance arrangement.
- (2) The value of the relevant step (after any reductions under sections 554Z4 to 554Z6) is reduced (but not below nil) by—
 - (a) the market value of the asset transferred by A at the time of its transfer, or
 - (b) if the value of the relevant step was reduced under section 554Z4, X% of that market value.
- (3) For the purposes of subsection (1)(d) it is (in particular) to be assumed that the transfer by A of the asset is connected with a tax avoidance arrangement if—

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 554Z8 is up to date with all changes known to be in force on or before 23 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*

- (a) before the transfer, the asset was transferred to A by another person by way of a loan, or
 - (b) the asset is, or carries with it, any rights or interests under the relevant arrangement or any arrangement which is connected (directly or indirectly) with the relevant arrangement.
- (4) In subsection (3)(b) “the relevant arrangement” has the meaning given by section 554A(1)(b).
- (5) Subsection (6) applies if—
- (a) the relevant step is a step within section 554C(1)(b) or (c) or (e) or 554D and does not also involve a sum of money,
 - (b) the relevant step is for consideration given by A in the form of the payment of a sum of money to P by A,^{F2}...
 - (c) the payment is made before, or at or about, the time the relevant step is taken^{F3}, and
 - (d) there is no connection (direct or indirect) between the payment and a tax avoidance arrangement.]
- (6) The value of the relevant step (after any reductions under sections 554Z4 to 554Z6) is reduced (but not below nil) by—
- (a) the amount of the consideration given, or
 - (b) if the value of the relevant step was reduced under section 554Z4, X% of the amount of that consideration.
- (7) In subsections (2)(b) and (6)(b) “X%” means the proportion of the value of the relevant step (as determined under section 554Z3) left after the reduction under section 554Z4.
- (8) In this section references to A include references to any person linked with A.]

Textual Amendments

- F1** Pt. 7A inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 1](#)
- F2** Word in s. 554Z8(5)(b) omitted (with effect in accordance with s. 18(9) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [s. 18\(3\)](#)
- F3** S. 554Z8(5)(d) and word inserted (with effect in accordance with s. 18(9) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 18\(3\)](#)

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\(4\)](#)