



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 2

EMPLOYMENT INCOME: CHARGE TO TAX

CHAPTER 8

APPLICATION OF PROVISIONS TO WORKERS UNDER ARRANGEMENTS MADE BY INTERMEDIARIES

The deemed employment payment

56 Application of Income Tax Acts in relation to deemed employment

- (1) The Income Tax Acts (in particular, the PAYE provisions) apply in relation to the deemed employment payment as follows.
- (2) They apply as if—
 - (a) the worker were employed by the intermediary, and
 - (b) the relevant engagements were undertaken by the worker in the course of performing the duties of that employment.
- (3) The deemed employment payment is treated in particular—
 - (a) as taxable earnings from the employment for the purpose of securing that any deductions under Chapters 2 to 6 of Part 5 do not exceed the deemed employment payment; and
 - (b) as taxable earnings from the employment for the purposes of section 232.

Status: Point in time view as at 17/07/2013.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Section 56 is up to date with all changes known to be in force on or before 06 July 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)

- (4) The worker is not chargeable to tax in respect of the deemed employment payment if, or to the extent that, by reason of any combination of the factors mentioned in subsection (5), the worker would not be chargeable to tax if—
 - (a) the client employed the worker,
 - (b) the worker performed the services in the course of that employment, and
 - (c) the deemed employment payment were a payment by the client of earnings from that employment.
- (5) The factors are—
 - [^{F1}(a) the worker being resident or domiciled outside the United Kingdom or meeting the requirement of section 26A,]
 - (b) the client being resident ^{F2}... outside the United Kingdom, and
 - (c) the services in question being provided outside the United Kingdom.
- (6) Where the intermediary is a partnership or unincorporated association, the deemed employment payment is treated as received by the worker in the worker’s personal capacity and not as income of the partnership or association.
- (7) Where—
 - (a) the worker is resident in the United Kingdom, [^{F3} and]
 - (b) the services in question are provided in the United Kingdom, ^{F4}...
 - ^{F4}(c)
 the intermediary is treated as having a place of business in the United Kingdom, whether or not it in fact does so.
- ^{F5}(8)

Textual Amendments

F1 S. 56(5)(a) substituted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by Finance Act 2013 (c. 29), **Sch. 46 para. 30(a)**

F2 Words in s. 56(5)(b) omitted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by virtue of Finance Act 2013 (c. 29), **Sch. 46 para. 30(b)**

F3 Words in s. 56(7)(a) inserted (with effect in accordance with s. 136(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 136(3)(b)(i)**

F4 S. 56(7)(c) and word repealed (with effect in accordance with s. 136(4) of the amending Act) by Finance Act 2003 (c. 14), s. 136(3)(b)(ii), **Sch. 43 Pt. 3(1)**

F5 S. 56(8) repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3** (with Sch. 35 para. 57, Sch. 36)

Status:

Point in time view as at 17/07/2013.

Changes to legislation:

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