



Finance Act 2007

2007 CHAPTER 11

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Anti-avoidance

34 Employee benefit contributions

- (1) Schedule 24 to FA 2003 (restriction on deductions for employee benefit contributions) is amended as follows.
- (2) In paragraph 1 (restriction of deductions), for sub-paragraphs (1) and (2) substitute—
 - “(1) This Schedule applies if, in calculating for corporation tax purposes the profits of a person (“the employer”) for a period, a deduction would otherwise be allowable for the period in respect of employee benefit contributions made or to be made (but see paragraph 8).
 - (2) For the purposes of this Schedule, an “employee benefit contribution” is made if, as a result of any act or omission—
 - (a) property is held, or may be used, under an employee benefit scheme, or
 - (b) there is an increase in the total value of property that is so held or may be so used (or a reduction in any liabilities under an employee benefit scheme).”
- (3) In paragraph 3, for “the third party” substitute “a scheme manager”.
- (4) In paragraph 4—
 - (a) in sub-paragraphs (1) and (2), for “the third party” (in both places) substitute “a scheme manager”, and
 - (b) in sub-paragraph (3), for “third party” substitute “scheme manager”.
- (5) In paragraph 5, for “the third party” (in both places) substitute “a scheme manager”.

Status: This is the original version (as it was originally enacted).

- (6) In paragraph 9(1) (interpretation)—
- (a) after the definition of “relevant migrant member” insert—

““scheme manager” means a person who administers an employee benefit scheme (acting in that capacity);”, and
 - (b) omit the definition of “the third party”.
- (7) Part 2 of ITTOIA 2005 (trading income) is amended as follows.
- (8) In section 38 (restriction of deductions for employee benefit contributions), for subsection (1) substitute—
- “(1) This section applies if, in calculating for income tax purposes the profits of a trade of a person (“the employer”) for a period, a deduction would otherwise be allowable for the period in respect of employee benefit contributions made or to be made (but see subsection (4)).”
- (9) In section 39 (making of “employee benefit contributions), for subsection (1) substitute—
- “(1) For the purposes of section 38, an “employee benefit contribution” is made if, as a result of any act or omission—
- (a) property is held, or may be used, under an employee benefit scheme, or
 - (b) there is an increase in the total value of property that is so held or may be so used (or a reduction in any liabilities under an employee benefit scheme).”
- (10) In section 41 (timing and amount of certain benefits), for “the third party” (in both places) substitute “a scheme manager”.
- (11) In section 42 (provision or payment out of employee benefit contributions)—
- (a) in subsection (1), for “the third party”, in the first place, substitute “a scheme manager” and, in the second place, substitute “the scheme manager”,
 - (b) in subsection (3), for “the third party”, in the first place, substitute “a scheme manager” and, in the second place, substitute “the scheme manager”, and
 - (c) in subsection (5), for “third party” substitute “scheme manager”.
- (12) In section 44(1) (interpretation), for the definition of “the third party” substitute—
- ““scheme manager” means a person who administers an employee benefit scheme (acting in that capacity).”
- (13) The amendments made by this section have effect in relation to employee benefit contributions made on or after 21st March 2007.