



Finance Act 2015

2015 CHAPTER 11

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

INCOME TAX: GENERAL

13 Extension of benefits code except in relation to certain ministers of religion

- (1) Omit Chapter 11 of Part 3 of ITEPA 2003 (taxable benefits: exclusion of lower-paid employments from parts of benefits code).
- (2) In Part 4 of that Act (employment income: exemptions), after section 290B insert—

“290C Provisions of benefits code not applicable to lower-paid ministers of religion

- (1) This section applies where a person is in employment which is lower-paid employment as a minister of religion in relation to a tax year.
- (2) No liability to income tax arises in respect of the person in relation to the tax year by virtue of any of the following Chapters of the benefits code—
 - (a) Chapter 3 (taxable benefits: expenses payments);
 - (b) Chapter 6 (taxable benefits: cars, vans and related benefits);
 - (c) Chapter 7 (taxable benefits: loans);
 - (d) Chapter 10 (taxable benefits: residual liability to charge).
- (3) Subsection (2)—
 - (a) means that in any of those Chapters a reference to an employee does not include an employee whose employment is within the exclusion

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- in that subsection, if the context is such that the reference is to an employee in relation to whom the Chapter applies, but
- (b) does not restrict the meaning of references to employees in other contexts.
- (4) Subsection (2) has effect subject to—
- (a) section 188(2) (discharge of loan: where employment becomes lower-paid), and
- (b) section 290G (employment in two or more related employments).

290D Meaning of “lower-paid employment as a minister of religion”

- (1) For the purposes of this Part an employment is “lower-paid employment as a minister of religion” in relation to a tax year if—
- (a) the employment is direct employment as a minister of a religious denomination, and
- (b) the earnings rate for the employment for the year (calculated under section 290E) is less than £8,500.
- (2) An employment is not “direct employment” for the purposes of subsection (1) (a) if—
- (a) it is an employment which is treated as existing under—
- (i) section 56(2) (deemed employment of worker by intermediary), or
- (ii) section 61G(2) (deemed employment of worker by managed service company), or
- (b) an amount counts as employment income in respect of it by virtue of section 554Z2(1) (treatment of relevant step under Part 7A (employment income provided through third parties)).
- (3) Subsection (1) is subject to section 290G.

290E Calculation of earnings rate for a tax year

- (1) For any tax year the earnings rate for an employment is to be calculated as follows—
- Step 1* Find the total of the following amounts—
- (a) the total amount of the earnings from the employment for the year within Chapter 1 of Part 3 (earnings),
- (b) the total of any amounts that are treated as earnings from the employment for the year under the benefits code (see subsections (2) and (3)), and
- (c) the total of any amounts that are treated as earnings from the employment for the year under Chapter 12 of Part 3 (other amounts treated as earnings),

excluding any exempt income, other than any attributable to section 290A or 290B (accommodation outgoings of ministers of religion).

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Step 2 Add to that total any extra amount required to be added for the year by section 290F (extra amounts to be added in connection with a car).

Step 3 Subtract the total amount of any authorised deductions (see subsection (4)) from the result of step 2.

Step 4 The earnings rate for the employment for the year is given by the formula—

$$R \times \frac{Y}{E}$$

where—

R is the result of step 3,

Y is the number of days in the year, and

E is the number of days in the year when the employment is held.

- (2) Section 290C(2) (provisions of benefits code not applicable to lower-paid ministers of religion) is to be disregarded for the purpose of determining any amount under step 1.
- (3) If the benefit of living accommodation is to be taken into account under step 1, the cash equivalent is to be calculated in accordance with section 105 (even if the cost of providing the accommodation exceeds £75,000).
- (4) For the purposes of step 3 “authorised deduction” means any deduction that would (assuming it was an amount of taxable earnings) be allowed from any amount within step 1 under—
 - section 346 (employee liabilities),
 - section 370 (travel costs and expenses where duties performed abroad: employee's travel),
 - section 371 (travel costs and expenses where duties performed abroad: visiting spouse's, civil partner's or child's travel),
 - section 373 (non-domiciled employee's travel costs and expenses where duties performed in UK),
 - section 374 (non-domiciled employee's spouse's, civil partner's or child's travel costs and expenses where duties performed in UK),
 - section 376 (foreign accommodation and subsistence costs and expenses (overseas employments)),
 - section 713 (payroll giving to charities),
 - sections 188 to 194 of FA 2004 (contributions to registered pension schemes), or
 - section 262 of CAA 2001 (capital allowances to be given effect by treating them as deductions).

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290F Extra amounts to be added in connection with a car

- (1) The provisions of this section apply for the purposes of section 290E in the case of a tax year in which a car is made available as mentioned in section 114(1) (cars, vans and related benefits) by reason of the employment.
- (2) Subsection (3) applies if in the tax year—
 - (a) an alternative to the benefit of the car is offered, and
 - (b) the amount that would be earnings within Chapter 1 of Part 3 if the benefit of the car were to be determined by reference to the alternative offered exceeds the benefit code earnings (see subsection (4)).
- (3) The amount of the excess is an extra amount to be added under step 2 in section 290E(1).
- (4) For the purposes of subsection (2) “the benefit code earnings” is the total for the year of—
 - (a) the cash equivalent of the benefit of the car (calculated in accordance with Chapter 6 of Part 3 (taxable benefits: cars, vans etc)), and
 - (b) the cash equivalent (calculated in accordance with that Chapter) of the benefit of any fuel provided for the car by reason of the employment.
- (5) Section 290C(2) (provisions of benefits code not applicable to lower-paid ministers of religion) is to be disregarded for the purpose of determining any amount under this section.

290G Related employments

- (1) This section applies if a person is employed in two or more related employments.
- (2) None of the employments is to be regarded as lower-paid employment as a minister of religion in relation to a tax year if—
 - (a) the total of the earnings rates for the employments for the year (calculated in each case under section 290E) is £8,500 or more, or
 - (b) any of them is an employment falling outside the exclusion contained in section 290C(2) (provisions of benefits code not applicable to lower-paid ministers of religion).
- (3) For the purposes of this section two employments are “related” if—
 - (a) both are with the same employer, or
 - (b) one is with a body or partnership (“A”) and the other is either—
 - (i) with an individual, partnership or body that controls A (“B”),
or
 - (ii) with another partnership or body also controlled by B.
- (4) Section 69 (extended meaning of “control”) applies for the purposes of this section as it applies for the purposes of the benefits code.”
- (3) Schedule 1 contains amendments relating to subsections (1) and (2).
- (4) The amendments made by this section and Schedule 1 have effect for the tax year 2016-17 and subsequent tax years.

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