
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2018, Paragraph 1. (See end of Document for details)

SCHEDULES

SCHEDULE 1

EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

PART 1

ARRANGEMENTS RELATING TO EARNINGS CHARGED TO TAX

1 In section 554A of ITEPA 2003 (employment income provided through third parties: application of Chapter 2 of Part 7A), after subsection (5) insert—

“(5A) Subsections (5B) and (5C) apply where—

- (a) a payment to a person other than A, or to A as a trustee, is of earnings from A's employment with B, and
- (b) the earnings are, in whole or part, charged to tax under the employment income Parts otherwise than by virtue of this Part,

and for this purpose it does not matter whether all or some only or none of the tax is paid (but see sections 554Z5 and 554Z11B).

(5B) For the purposes of subsection (5C), an arrangement is a “redirected-earnings arrangement” if it (wholly or partly) covers or relates to redirected earnings; and for the purposes of this subsection and subsection (5C) “redirected earnings” means—

- (a) the payment mentioned in subsection (5A)(a), or
- (b) any sum or other property which (directly or indirectly)—
 - (i) represents, or
 - (ii) is derived from,

that payment.

(5C) The circumstances mentioned in subsection (5A)—

- (a) do not prevent a redirected-earnings arrangement being within subsection (1)(b), and
- (b) do not prevent rewards or recognition or loans being in connection with A's employment with B for the purposes of subsection (1)(c) where there is use of redirected earnings for the provision of the whole, or part, of the rewards or recognition or loans.”

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