

SCHEDULE 3

Regulation 26

PAYMENTS TO BE DISREGARDED IN THE CALCULATION OF EARNINGS FOR THE PURPOSES OF EARNINGS-RELATED CONTRIBUTIONS

PART I INTRODUCTORY

Introduction

1.—(1) This Schedule contains provisions about payments which are to be disregarded in the calculation of earnings for the purposes of earnings-related contributions.

(2) Part II contains provisions about the treatment of payments in kind.

(3) Part III and IV specifies payments by way of assets which are not to be disregarded by virtue of paragraph 1 of Part II.

(4) Part V specifies non-cash vouchers which are to be disregarded by virtue of paragraph 1 of Part II.

(5) In computing earnings there are also to be disregarded—

- (a) the pensions and pension contributions specified in Part VI;
- (b) the payments in respect of training and similar courses specified in Part VII;
- (c) the travelling, relocation and overseas expenses specified in Part VIII;
- (d) the [^{F1}incentives by way of securities] specified in Part IX; and
- (e) the miscellaneous payments specified in Part X.

Textual Amendments

- F1** Words in Sch. 3 para. 1(5)(d) substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **9**

Interpretation

2.—(1) In this Schedule, unless the context otherwise requires—

- (a) a reference to a numbered Part is a reference to the Part of this Schedule which bears that number;
- (b) a reference in a Part, to a numbered paragraph is a reference to the paragraph of that Part which bears that number; and
- (c) a reference in a paragraph to a lettered or numbered sub-paragraph is a reference to the sub-paragraph of that paragraph which bears that letter or number.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

PART II

PAYMENTS IN KIND

Certain payments in kind to be disregarded

1. A payment in kind, or by way of the provision of services, board and lodging or other facilities is to be disregarded in the calculation of earnings.

This is subject to the paragraph 2 and also to any provision about a payment in kind of a particular description or in particular circumstances in any other Part of this Schedule.

Payments by way of assets not to be disregarded

2. Payments falling within paragraph 1 do not include any payment by way of—

(a) the conferment of any beneficial interest in—

(i) any asset mentioned in Part III or Part IV,

^{F2}(ii) any contract of long-term insurance which falls within paragraph I, III or VI of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]

(b) a non-cash voucher not of a description mentioned in Part V or to which paragraph 4 of Part X applies.

(2) Sub-paragraph (1)(a)(i) is subject to the qualification that an asset, which falls within either Part III or Part IV, shall nevertheless be disregarded under paragraph 1 ^{F3}if no liability to income tax arises by virtue of section 323 of ITEPA 2003 (long service awards)].

(3) For the purposes of sub-paragraph (1)(a)(ii), if the ^{F4}contract—

(a) falls within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and Part I of that Schedule; or

(b) is treated for the purposes of that Order as falling within Part II of that Schedule by Article 3(3) of that Order,

that contract shall be treated as a contract of long-term insurance.]

Textual Amendments

F2 Sch. 3 Pt. 02 para. 2(1)(a)(ii) substituted (1.12.2001) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), arts. 1(2)(b), **192(2)(a)**

F3 Words in sch. 3 Pt. 02 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(2).

F4 Words in Sch. 3 Pt. 02 para. 2(3) substituted (1.12.2001) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), arts. 1(2)(b), **192(2)(b)**

PART III

PAYMENTS BY WAY OF READILY CONVERTIBLE ASSETS NOT DISREGARDED AS PAYMENTS IN KIND

^{F5}1. A readily convertible asset within the meaning of section 702 of ITEPA 2003.]

Textual Amendments

- F5** Sch. 3 paras. 1-2 substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **10(2)**

[^{F5}2. An asset which, in accordance with section 697 of ITEPA 2003 (PAYE: enhancing the value of an asset), would be treated, for the purposes of section 696 of that Act, as a readily convertible asset.]

Textual Amendments

- F5** Sch. 3 paras. 1-2 substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **10(2)**

3. Any voucher, stamp or similar document—
- (a) whether used singularly or together with other such vouchers, stamps or documents; and
 - (b) which is capable of being exchanged for an asset falling within paragraph 1 or 2.

PART IV

PAYMENTS BY WAY OF SPECIFIC ASSETS NOT DISREGARDED AS PAYMENTS IN KIND

[^{F6} Securities

1. Securities.]

Textual Amendments

- F6** Sch. 3 para. 1 heading substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(a)**

Here “company” includes—

- (a) any body corporate constituted under the law of, or of any part of, the United Kingdom or of any other country or territory and also any unincorporated body constituted under the law of a country or territory outside the United Kingdom; and
- (b) any body incorporated under the law of, or of any part of, the United Kingdom relating to a building society within the meaning of section 119(1) of the Building Societies Act 1986 ^{F7} or an industrial and provident society registered, or deemed to be registered, under the Industrial and Provident Societies Act 1965 ^{F8} or the Industrial and Provident Societies Act (Northern Ireland) 1969 ^{F9}.

Textual Amendments

- F7** 1986 c. 53.
F8 1965 c. 12.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

F9 1969 c. 24 (N.I.).

Textual Amendments
F7 1986 c. 53.
F8 1965 c. 12.
F9 1969 c. 24 (N.I.).

Certain debentures and other securities for loans

F102.

Textual Amendments
F10 Sch. 3 paras. 2-5 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(b)**

Loans stocks of public and local authorities

F103.

Textual Amendments
F10 Sch. 3 paras. 2-5 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(b)**

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Textual Amendments
F10 Sch. 3 paras. 2-5 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(b)**

Warrants etc for loan stock and debentures

F104.

Textual Amendments
F10 Sch. 3 paras. 2-5 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(b)**

Units in collective investment schemes

F105.

Textual Amendments

F10 Sch. 3 paras. 2-5 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(b)**

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Textual Amendments

F10 Sch. 3 paras. 2-5 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(b)**

Options to acquire assets, currency, precious metals or other options

6. Options to acquire, or dispose of—
- (a) currency of the United Kingdom or any other country or territory;
 - (b) gold, silver, palladium or platinum;
 - (c) an asset falling within any other paragraph of this Part of this Schedule;
 - (d) an option to acquire, or dispose of, an asset falling within sub-paragraph (a), (b) or (c).

Contracts for futures

F117.

Textual Amendments

F11 Sch. 3 paras. 7-8 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(c)**

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Textual Amendments

F11 Sch. 3 paras. 7-8 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(c)**

Contracts for differences or to secure profit by reference to movements of indices

F118.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

- F11** Sch. 3 paras. 7-8 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(c)**

Alcoholic liquor on which duty has not been paid

9. Any alcoholic liquor, within the meaning of section 1 of the Alcoholic Liquor Duties Act 1979^{F12} in respect of which no duty has been paid under that Act.

Textual Amendments

- F12** 1979 c. 4. Section 1 was amended by article 5 of [S.I. 1979/241](#), [section 1\(5\)](#) of the [Finance Act 1984 \(c. 43\)](#), [paragraph 1](#) of Part II of Schedule 1 and Part I of Schedule 14 to the [Finance Act 1988 \(c. 39\)](#) and section 3(1) and (3) of the [Finance Act 1993 \(c. 34\)](#).

Gemstones

10. Any gemstone, including stones such as diamond, emerald, ruby, sapphire, amethyst, jade, opal or topaz and organic gemstones such as amber or pearl, whether cut or uncut and whether or not having an industrial use.

Certificates etc. conferring rights in respect of assets

- 11.** Certificates or other instruments which confer—
- (a) property rights in respect of any asset falling within paragraphs [^{F13}1], 9 or 10;
 - (b) any right to acquire, dispose of, underwrite or convert an asset, being a right to which the holder would be entitled if he held any such asset to which the certificate or instrument relates; or
 - (c) a contractual right, other than an option, to acquire any such asset otherwise than by subscription.

Textual Amendments

- F13** Word in Sch. 3 para. 11(a) substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **11(d)**

Vouchers

- 12.** Any voucher, stamp or similar document—
- (a) whether used singularly or together with other such vouchers, stamps or documents; and
 - (b) which is capable of being exchanged for an asset falling within any other paragraph of this Part.

PART V

CERTAIN NON-CASH VOUCHERS TO BE DISREGARDED AS PAYMENTS IN KIND

1.—(1) Subject to sub-paragraph (2), a non-cash voucher provided, to or for the benefit of the employed earner, by the employer or any other person on his behalf is to be disregarded in the calculation of an employed earner's earnings by virtue of paragraph 1 of Part II only if it falls within any of paragraphs 2 to 8.

[^{F14}(2) A non-cash voucher may also be disregarded—

(a) by virtue of paragraph 7D of Part VIII (car fuel); or

(b) in the circumstances specified in paragraph 4 of Part X (payments by way of [^{F15}incidental overnight expenses].)]

Textual Amendments

F14 Sch. 3 Pt. 05 para. 1(2) substituted (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), 6

F15 Words in sch. 3 Pt. 05 para. 1(2)(b) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(a)**

2. A non-cash voucher which is not treated as [^{F16}general earnings] from employment for the purposes of [^{F17}section 86 of ITEPA 2003 (transport vouchers under pre-26th March arrangements)].

Textual Amendments

F16 Words in sch. 3 Pt. 05 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(b)(i)**

F17 Words in sch. 3 Pt. 05 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(b)(ii)**

[^{F18}This paragraph only applies in the case of an employee who is in lower paid employment, within the meaning of section 217 of ITEPA 2003]

Textual Amendments

F18 Words in sch. 3 Pt. 05 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(b)(iii)**

Textual Amendments

F18 Words in sch. 3 Pt. 05 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(b)(iii)**

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

[^{F19}3. A non-cash voucher exempted from liability to income tax under Chapter 4 of Part 3 by virtue of sections 266(1)(a) or 269 of ITEPA 2003 (exemptions: non-cash vouchers and credit-tokens).]

Textual Amendments

F19 Sch. 3 Pt. 05 paras. 3 substituted for Sch. 3 Pt. 05 paras. 3 4 (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(c)**

F19

Textual Amendments

F19 Sch. 3 Pt. 05 paras. 3 substituted for Sch. 3 Pt. 05 paras. 3 4 (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(c)**

^{F19}4.

Textual Amendments

F19 Sch. 3 Pt. 05 paras. 3 substituted for Sch. 3 Pt. 05 paras. 3 4 (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(c)**

[^{F20}5. A non-cash voucher in respect of which no liability to income tax arises by virtue of section 266(1) of ITEPA 2003 to the extent that the voucher is used to obtain anything the direct provision of which would fall within any of the following provisions of that Act—

- (a) section 246 (transport between work and home for disabled employees: general);
- (b) section 247 (provision of cars for disabled employees);
- (c) section 248 (transport home: late night working and failure of car-sharing arrangements).

Textual Amendments

F20 Sch. 3 Pt. 05 paras. 5 6 substituted for (10.12.2003) by [The Social Security \(Contributions\) \(Amendment No. 7\) Regulations 2003 \(S.I. 2003/2958\)](#), regs. 1(1), **5(2)**

5A. A non-cash voucher in respect of which no liability to income tax arises by virtue of section 266(2) of ITEPA 2003 if the voucher evidences entitlement to use anything the direct provision of which would fall within any of the following provisions of that Act—

- (a) section 242 (works transport services);
- (b) section 243 (support for public bus services);
- (c) section 244 (cycles and cyclist’s safety equipment).

Textual Amendments

F20 Sch. 3 Pt. 05 paras. 5 6 substituted for (10.12.2003) by [The Social Security \(Contributions\) \(Amendment No. 7\) Regulations 2003 \(S.I. 2003/2958\)](#), regs. 1(1), **5(2)**

5B. A non-cash voucher in respect of which no liability to income tax arises by virtue of section 266(3) of ITEPA 2003 if the voucher can be used only to obtain anything the direct provision of which would fall within any of the following provisions of that Act—

- (a) section 245 (travelling and subsistence during public transport strikes);
- (b) section 261 (recreational benefits);
- (c) section 264 (annual parties and functions);
- (d) section 296 (armed forces' leave travel facilities);
- (e) section 317 (subsidised meals).

Textual Amendments

F20 Sch. 3 Pt. 05 paras. 5 6 substituted for (10.12.2003) by [The Social Security \(Contributions\) \(Amendment No. 7\) Regulations 2003 \(S.I. 2003/2958\)](#), regs. 1(1), **5(2)**

6. A non-cash voucher to the extent that no liability to income tax arises by virtue of any of the following sections of ITEPA 2003—

- (a) section 270 (exemption for small gifts of vouchers and tokens from third parties);
- (b) section 305 (offshore oil and gas workers: mainland transfers);
- (c) section 321 (suggestion awards);
- (d) section 323 (long service awards);
- (e) section 324 (small gifts from third parties).]

Textual Amendments

F20 Sch. 3 Pt. 05 paras. 5 6 substituted for (10.12.2003) by [The Social Security \(Contributions\) \(Amendment No. 7\) Regulations 2003 \(S.I. 2003/2958\)](#), regs. 1(1), **5(2)**

[^{F21}Meal vouchers

6A. 15 pence per working day up to a maximum of £1.05 per week of the value of one or more non-cash vouchers which can only be exchanged for meals.]

Textual Amendments

F21 Sch. 3 Pt. 05 para. 6A inserted (26.7.2001) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2001 \(S.I. 2001/2412\)](#), regs. 1, **5(2)(b)**

7.—(1) A non-cash voucher provided in connection with all or part of the costs of and expenses of child care (but not school fees) by an employed earner in connection with a child not exceeding the age of 16 for whom he has parental responsibility.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

For the purposes of this paragraph child care includes—

- (a) care provided in accordance with the provisions of [^{F22}Part 10(2) or 10A] of the Children Act 1989 (child minding and day care for young children)^{F23};
 - (b) in the case of a child aged 8 or over, care provided by a child minder;
 - (c) in the case of a child under the age of 8, care provided by a child minder where that care does not exceed, in total, two hours a day;
 - (d) care provided by a nanny or a relative (within the meaning respectively of section 71(13) and 105(1) of the Children Act 1989);
 - (e) care provided during out-of-school hours or during school holidays; and
 - (f) full-time and part-time care.
- (2) In the application of sub-paragraph (1) to Northern Ireland—
- (a) paragraph (b) shall have effect with the substitution for “aged 8 or over” of “aged 12 or over”; and
 - (b) paragraph (c) shall have effect with the substitution for “under the age of 8” of “under the age of 12”.

Textual Amendments

- F22** Words in sch. 3 Pt. 05 para. 7(1)(a) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(d)**
- F23** 1989 c. 41: Schedule 9 was amended by section 116 of the [Courts and Legal Services Act 1990 \(c. 41\)](#) and section 582(1) of the [Education Act 1996 \(c. 56\)](#).

Textual Amendments

- F22** Words in sch. 3 Pt. 05 para. 7(1)(a) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(3)(d)**
- F23** 1989 c. 41: Schedule 9 was amended by section 116 of the [Courts and Legal Services Act 1990 \(c. 41\)](#) and section 582(1) of the [Education Act 1996 \(c. 56\)](#).

8. A non-cash voucher provided to or for the benefit of an employed earner in respect of employed earner’s employment by a person who is not the secondary contributor in respect of the provision of that voucher.

PART VI

PENSIONS AND PENSION CONTRIBUTIONS

Pension payments and pension contributions to be disregarded

1. A payment by way of a pension is disregarded in the calculation of an employed earner’s earnings, as are the payments mentioned in paragraphs 2 to 7.

Personal pension contributions by employers

[^{F24}2. A payment by way of employer's contribution towards a personal pension which is exempt from income tax by virtue of section 308(1) of ITEPA 2003 (exemption of contributions to approved personal pension arrangements).]

Textual Amendments

F24 Sch. 3 Pt. 06 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), **regs. 1(1), 28(4)(a)**.

Approved schemes, relevant statutory schemes, pilots' benefit funds and schemes established by overseas governments

3. A payment—

- [^{F25}(a) to which section 386 of ITEPA 2003 (charge on payments to non-approved retirement benefits schemes) does not apply by virtue of sections 387(2) or 390 of that Act;]
- (b) to a pilot's benefit fund under section 607 of [^{F26}the Taxes Act];
- (c) to which section 608 of that Act (superannuation funds approved before 6th April 1980) [^{F27}or sections 590 (annuities) and 591 (taxable pension income) of ITEPA 2003 apply; or]
- (d) by way of any benefit pursuant to a scheme or fund falling within sub-paragraph (a), (b) or (c).

Textual Amendments

F25 Words in sch. 3 Pt. 06 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), **regs. 1(1), 28(4)(a)(i)**.

F26 Words in sch. 3 Pt. 06 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), **regs. 1(1), 28(4)(b)(ii)**.

F27 Words in sch. 3 Pt. 06 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), **regs. 1(1), 28(4)(c)(iii)**.

Funded unapproved retirement benefit schemes.

4. A payment by way of relevant benefits pursuant to a retirement benefits scheme which has not been approved by the Board for the purposes of Chapter I of Part XIV of the Taxes Act and attributable to payments prior to 6th April 1998.

Here "relevant benefits" has the meaning given in section 612 of the Taxes Act.

Payments to pension previously taken into account in calculating earnings

5. A payment by way of any benefit pursuant to a retirement benefits scheme which has not been approved by the Board for the purposes of Chapter I of Part XIV of the Taxes Act and attributable to payments on or after 6th April 1998 which have previously been included in a person's earnings for the purpose of the assessment of his liability for earnings-related contributions.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Payments in good faith to scheme solely for providing approved benefits.

6.—(1) A payment made in respect of a scheme which is established in good faith for the sole purpose of providing relevant benefits where at the time of the payment the conditions specified in sub-paragraphs (2) to (4) are satisfied and, if appropriate, the additional conditions in sub-paragraph (5) and (6) are satisfied.

(2) The first condition is that an application has been made to the Board in accordance with section 604 of the Taxes Act ^{F28} and has not been rejected.

(3) The second condition is that the payment represents contributions in respect of an employed earner's earnings not in excess of the permitted maximum in force at the time when the payment is made.

(4) The third condition is that the terms of the scheme do not permit any pension payable under it, in whole or in part, to be surrendered, commuted or assigned except in so far as to allow an employed earner on his retirement to obtain, by commutation of his pension, a lump sum or sums not exceeding in all 3/80ths of his final remuneration for each year of service up to a maximum of 40.

(5) The first additional condition is that if the scheme is connected with another scheme or schemes each of which is an approved scheme, the amount payable by way of pension or commuted pension under the scheme will not, when aggregated with any amount payable by way of pension or commuted pension under the other scheme or schemes exceed the relevant amount.

(6) The second additional condition is that if the scheme is a small self-administered scheme—

(a) the requirements of regulation 9 of the Retirement Benefits Schemes (Restrictions on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991 (independent pensioner trustees) ^{F29} have been satisfied; and

(b) regulation 3 of those Regulations (restriction on the Board's discretion to approve) does not apply.

(7) In this paragraph—

(a) “permitted maximum” is the amount for the time being specified in an order made under section 590C(6) of the Taxes Act (earnings cap) ^{F30};

(b) “relevant amount” shall be determined—

(i) in the case of a pension which is not a commuted pension, in accordance with the provisions of section 590B(3) and (7) to (11) of the Taxes Act (further supplementary provisions in respect of approval of retirement benefit schemes) ^{F31}; and

(ii) in the case of a pension which is a commuted pension, in accordance with the provisions of section 590B(4) and (7) to (11) of that Act;

(c) “relevant benefits” has the meaning given in section 612 of the Taxes Act;

(d) “small self-administered scheme” has the meaning given in regulation 2(1) of the Retirement Benefits Schemes (Restrictions on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991; and

(e) whether or not a scheme is connected with another shall be determined in accordance with section 590A(2) to (4) of the Taxes Act (supplementary provisions in respect of approval of retirement benefit schemes) ^{F32}.

Textual Amendments

F28 Section 604 was amended by paragraph 3 of Schedule 15 to the Finance Act 1998.

F29 [S.I. 1991/1614](#) Regulation 9 was substituted by regulation 9 of [S.I. 1998/728](#) and amended by regulation 6 of [S.I. 1998/1315](#).

- F30** Section 590C was inserted by paragraph 4 of Schedule 6 to the Finance Act 1989.
- F31** Section 590B was inserted by paragraph 4 of Schedule 6 to the Finance Act 1989 and amended by section 107(6) of the [Finance Act 1993 \(c. 34\)](#).
- F32** Section 590A was inserted by paragraph 4 of Schedule 6 to the Finance Act 1989.

Pensions exempt from UK taxation under double taxation agreements

- 7.—(1) A payment to a pension scheme which is afforded relief from taxation by virtue of—
- (a) Article 25(8) of the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income) (France) Order 1968 ^{F33};
 - (b) Article 17A of the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Republic of Ireland) Order 1976 ^{F34};
 - (c) Article 28(3) of the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income)(Denmark) Order 1980^{F35}.
- (2) For the purposes of sub-paragraph (1)(b), Article 17A of the Order shall be read as if “or is being considered for approval” were omitted.

Textual Amendments

- F33** [S.I. 1968/1869](#): paragraph (8) was added to Article 25 by Article 16 of the Protocol set out in the Schedule to [S.I. 1987/2055](#).
- F34** [S.I. 1976/2151](#): Article 17A was added by Article 1 of the Protocol set out in the Schedule to [S.I. 1995/764](#).
- F35** [S.I. 1980/1960](#): Paragraph (3) was substituted by Article X(2) of the Protocol set out in Part I of the Schedule in [S.I. 1996/3165](#).

PART VII

PAYMENTS IN RESPECT OF TRAINING AND SIMILAR COURSES

Payments in respect of training and similar payment disregarded

1. The training payments and vouchers mentioned in this Part are disregarded in the calculation of an employed earner’s earnings.

[^{F36}Paragraphs 5 to 9] do not apply to Northern Ireland.

Textual Amendments

- F36** Words in Sch. 3 para. 1 substituted (1.10.2003) by [The Social Security \(Contributions\) \(Amendment No. 6\) Regulations 2003 \(S.I. 2003/2340\)](#), regs. 1, **2(2)**

Work-related training

2. A payment of, or contribution towards, expenditure incurred on providing work-related training which, by virtue of [^{F37}sections 250 to 254 of ITEPA 2003 (exemption for work-related training)], is not to be taken as [^{F38}general earnings] of the office or employment in connection with which it is provided.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

- F37** Words in sch. 3 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(5)(a)(i)**
- F38** Words in sch. 3 para. 2 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(5)(a)(ii)**

Education and training funded by employers

3. A payment in respect of expenditure which, by virtue of [^{F39}section 255 of ITEPA 2003 (exemption for contributions to individual learning account training)], is not to be taken as [^{F40}general earnings] of the office or employment in connection with which it is provided.

Textual Amendments

- F39** Words in sch. 3 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(5)(b)(i)**
- F40** Words in sch. 3 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(5)(b)(ii)**

New Deal 50plus: employment grant and training credit

4. A payment to a person, as a participant in the scheme arranged under section 2(2) of the Employment and Training Act 1973 and known as New Deal 50plus, of an employment credit or a training grant under that scheme.

Retraining courses for recipients of jobseeker's allowance

5. A payment to a person as a participant in a scheme of the kind mentioned in section 60(1) of the Welfare Reform and Pensions Act 1999 (special schemes for claimants for jobseeker's allowances)

^{F41}

Textual Amendments

- F41** [1999 c. 30](#).

Payments to Jobmatch participants

6. A payment made to a participant in a Jobmatch Scheme (including a pilot) arranged under section 2(1) of the Employment and Training Act 1973 ^{F42} in his capacity as such.

Textual Amendments

- F42** [1973 c. 50](#). Section 2 was substituted by section 25(1) of the [Employment Act 1988 \(c. 19\)](#).

Vouchers provided to Jobmatch participants

7. A payment by way of the discharge of any liability by the use of a voucher given to a participant in a Jobmatch Scheme (including a pilot), arranged under section 2(1) of the Employment and Training Act 1973, in his capacity as such.

[^{F43}Employment Retention and Advancement payments

8. A payment made to a participant in an Employment Retention and Advancement Scheme, arranged under section 2(1) of the Employment and Training Act 1973, in his capacity as such.]

Textual Amendments

F43 Sch. 3 paras. 8, 9, and headings added (1.10.2003) by [The Social Security \(Contributions\) \(Amendment No. 6\) Regulations 2003 \(S.I. 2003/2340\)](#), regs. 1, **2(3)**

[^{F44}Return to Work Credit

9. A payment made to a participant in a Return to Work Credit Scheme, arranged under section 2(1) of the Employment and Training Act 1973 in his capacity as such.]

Textual Amendments

F44 Sch. 3 para. 9 substituted (10.12.2003) by [The Social Security \(Contributions\) \(Amendment No. 7\) Regulations 2003 \(S.I. 2003/2958\)](#), regs. 1(1), **5(3)**

[^{F45}Working Neighbourhoods Pilot

10. A payment made to a participant in a Working Neighbourhoods Pilot, arranged under section 2(1) of the Employment and Training Act 1973, in his capacity as such.

Textual Amendments

F45 Sch. 3 Pt. 7 paras. 10, 11 added (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(5)(c)**

In-Work Credit

11. A payment made to a participant in an In-Work Credit scheme, arranged under section 2(1) of the Employment and Training Act 1973, in his capacity as such.]

Textual Amendments

F45 Sch. 3 Pt. 7 paras. 10, 11 added (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(5)(c)**

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

PART VIII

TRAVELLING, RELOCATION AND OTHER EXPENSES AND ALLOWANCES OF THE EMPLOYMENT

Travelling, relocation and incidental expenses disregarded

1. The travelling, relocation and other expenses and allowances mentioned in this Part are disregarded in the calculation of an employed earner's earnings.

Relocation expenses

2.—(1) A payment of, or contribution towards, expenses reasonably incurred by a person in relation to a change of residence in connection with the commencement of, or an alteration in the duties of the person's employment or the place where those duties are normally to be performed is disregarded if the conditions in sub-paragraphs (2) to (6) are met.

(2) The first condition is that—

(a) the payment or contribution—

[^{F46}(i) is not, by virtue of section 271 of ITEPA 2003 (limited exemption of removal benefits and expenses) liable to income tax as general earnings under that Act; or]

(ii) would not have been so regarded, but is in fact disregarded [^{F47}by virtue of another provision of ITEPA 2003; or]

(b) the person concerned commenced performance of the duties, or altered duties, of his employment at the place, or the altered place, of their performance before 6th April 1998.

(3) The second condition is that the change of residence must result from—

(a) the employee becoming employed by an employer;

(b) an alteration of the duties of the employee's employment (where his employer remains the same); or

(c) an alteration of the place where the employee is normally to perform the duties of his employment (where both the employer and the duties which the employee is to perform remains the same).

(4) The third condition is that the change of residence must be made wholly or mainly to allow the employee to have his residence within a reasonable daily travelling distance of—

(a) the place where he performs, or is to perform, the duties of his employment (in a case falling within paragraph (3)(a));

(b) the place where he performs, or is to perform, the duties of his employment (in a case falling within paragraph (3)(b)); or

(c) the new place where he performs, or is to perform, the duties of his employment (in a case falling within paragraph (3)(c)).

Textual Amendments

F46 Sch. 3 Pt. 8 para. 2(a)(i) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(a)(i)**

F47 Words in sch. 3 Pt. 8 para. 2(a)(ii) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(a)(ii)**

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

References in this sub-paragraph and sub-paragraph (5) to the place where the employee performs, or is to perform, the duties of his employment are references to the place where he normally performs, or is normally to perform, the duties of the employment.

(5) The fourth condition is that the employee's former residence must not be within a reasonable daily travelling distance of the place where the employee performs or is to perform the duties of the employment.

(6) In a case to which sub-paragraph (2)(b) applies, expenditure incurred in pursuance of a contract or agreement entered into before 6th April 1998 does not, in the case of a contract or agreement varied at any time on or after that date, include so much of the expenditure incurred under that contract or agreement which would not have been incurred, or exceeds the amount of expenditure that would have been reasonably incurred, if that contract or agreement had not been so varied.

[^{F48}(7) For the purposes of this paragraph, Chapter 7 of Part 4 of ITEPA 2003 shall be read as if sections 272 (1)(b), 272 (3)(b), 274 and 287 were omitted]

Textual Amendments

F48 Sch. 3 Pt. 8 para. 2(7) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(a)(iii)

Textual Amendments

F48 Sch. 3 Pt. 8 para. 2(7) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(a)(iii)

Travelling expenses—general

3. A payment of, or a contribution towards, [^{F49}travel expenses] which the holder of an office or employment is obliged to incur and [^{F50}pay as the holder of that office or employment].

Textual Amendments

F49 Words in Sch. 3 Pt. 8 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(i)

F50 Words in Sch. 3 Pt. 8 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(ii)

For the purposes of this paragraph—

(a) “[^{F51}travel expenses]” means—

- (i) amounts necessarily expended on travelling in the performance of the duties of the office or employment; or
- (ii) other expenses of travelling which are attributable to the necessary attendance at any place of the holder of the office or employment in the performance of the duties of the office or employment and are not expenses of ordinary commuting or private travel (within the meaning of [^{F52}section 338 of ITEPA 2003 (travel for necessary attendance)]);

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

- [^{F53}(b) section 339 of ITEPA 2003 (meaning of “workplace” and “permanent workplace”) shall apply as it applies for the purposes of section 338 of that Act]
- (c) expenses of travel by the holder of an office or employment between two places at which he performs the duties of different offices or employments under or with companies in the same group are treated as necessarily expended in the performance of the duties which he is to perform at his destination; and
- (d) for purpose of sub-paragraph (c) companies are to be taken to be members of the same group if and only if—
- (i) one is a 51 per cent subsidiary of the other; or
 - (ii) both are 51 per cent subsidiaries of a third company
- within the meaning of section 838(1)(a) of the Taxes Act (subsidiaries).

Textual Amendments

- F51** Words in Sch. 3 Pt. 8 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(i)
- F52** Words in Sch. 3 Pt. 8 para. 3(a)(ii) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(iii)
- F53** Sch. 3 Pt. 8 para. 3(b) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(iv)

Textual Amendments

- F51** Words in Sch. 3 Pt. 8 para. 3 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(i)
- F52** Words in Sch. 3 Pt. 8 para. 3(a)(ii) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(iii)
- F53** Sch. 3 Pt. 8 para. 3(b) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(6)(b)(iv)

[^{F54}Travel at start or finish of overseas employment

4. A payment of, or a contribution towards, the expenses of the earner’s employment to the extent that those expenses—
- (a) are deductible for income tax purposes in accordance with section 341 of ITEPA 2003 (travel at start or finish of overseas employment); or
 - (b) would be so deductible if—
 - (i) Conditions B and C were omitted from that section; and
 - (ii) the earnings of the employment were subject to income tax as employment income under that Act.

Textual Amendments

F54 Sch. 3 paras. 4-5 substituted for Sch. 3 paras. 4, 5(6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(c)**

Travel between employments where duties performed abroad

4A. A payment of, or a contribution towards, the expenses of the earner's employment to the extent that those expenses—

- (a) are deductible for income tax purposes in accordance with section 342 of ITEPA 2003 (travel between employments where duties performed abroad), or
- (b) would be so deductible if—
 - (i) Conditions E and F were omitted from that section; and
 - (ii) the earnings of the employment were subject to income tax as employment income under that Act.

Textual Amendments

F54 Sch. 3 paras. 4-5 substituted for Sch. 3 paras. 4, 5(6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(c)**

Travel costs and expenses where duties performed abroad: earner's travel

4B.—(1) So much of an employed earner's earnings as equals the amount in sub-paragraph (2).

(2) The amount in this sub-paragraph is—

- (a) the included amount within the meaning of section 370 of ITEPA 2003 (travel costs and expenses where duties performed abroad: employee's travel); or
- (b) the amount which would be the included amount within the meaning of that section if the earner were resident and ordinarily resident in the United Kingdom.

Textual Amendments

F54 Sch. 3 paras. 4-5 substituted for Sch. 3 paras. 4, 5(6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(c)**

Travel costs and expenses where duties performed abroad: visiting spouse's or child's travel

4C.—(1) So much of an employed earner's earnings as equals the amount in sub-paragraph (2).

(2) The amount in this sub-paragraph is—

- (a) the included amount within the meaning of section 371 of ITEPA 2003 (travel costs and expenses where duties performed abroad: visiting spouse's or child's travel); or
- (b) the amount which would be the included amount within the meaning of that section if the earner were resident and ordinarily resident in the United Kingdom.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

F54 Sch. 3 paras. 4-5 substituted for Sch. 3 paras. 4, 5(6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(c)**

Foreign accommodation and subsistence costs and expenses (overseas employments)

- 4D.** So much of an employed earner's earnings as equals the amount of the deduction—
- (a) permitted for income tax purposes under section 376 of ITEPA 2003 (foreign accommodation and subsistence costs and expenses (overseas employments)); or
 - (b) which would be so permitted if the earnings of the employment were subject to tax as employment income under ITEPA 2003.

Textual Amendments

F54 Sch. 3 paras. 4-5 substituted for Sch. 3 paras. 4, 5(6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(c)**

Travel costs and expenses of non-domiciled employee performing duties in the UK

- 5.** So much of an employed earner's earnings as equals the aggregate amount of the deductions—
- (a) permitted for income tax purposes under sections 373 and 374 of ITEPA 2003 (travel costs and expenses of a non-domiciled employee or the employee's spouse or child where duties are performed in the United Kingdom); or
 - (b) which would be so permitted if the earnings of the employment were subject to tax as employment income under ITEPA 2003.]

Textual Amendments

F54 Sch. 3 paras. 4-5 substituted for Sch. 3 paras. 4, 5(6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(c)**

Travelling expenses of workers on offshore gas and oil rigs

6. A payment of, or a contribution towards, expenses where that payment or contribution is disregarded for the purposes of calculating the emoluments [^{F55}general earnings under section 305 of ITEPA 2003 (offshore oil and gas workers: mainland transfers).]

Textual Amendments

F55 Words in Sch. 3 Pt. 8 para. 6 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(d)**

[^{F56}Payments connected with cars and vans and exempt heavy goods vehicles provided for private use]

7. A payment—

- (a) by way of the discharge of any liability which by virtue of [^{F57}section 239(1) of ITEPA 2003 (payments and benefits connected with taxable cars and vans and exempt heavy goods vehicles)]; or
- (b) of expenses, which by virtue of [^{F58}section 239(2)] of that Act;

is not treated as [^{F59}general earnings] of the employment chargeable to income tax^{F60}

Textual Amendments

- F56** Sch. 3 Pt. 8 para. 7 heading substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(e)(i)**
- F57** Words in sch. 3 Pt. 8 para. 7(a) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(e)(ii)**
- F58** Words in sch. 3 Pt. 8 para. 7(b) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(e)(iii)**
- F59** Words in sch. 3 Pt. 8 para. 7 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(e)(iv)**
- F60** Words in sch. 3 Pt. 8 para. 7 omitted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(e)(v)**

[^{F61}Qualifying amounts of relevant motoring expenditure

7A. To the extent that it would otherwise be earnings, the qualifying amount calculated in accordance with regulation 22A(4).

Textual Amendments

- F61** Sch. 3 Pt. 08 paras. 7A-7D and cross-headings inserted (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), **7(2)**

Qualifying amounts of mileage allowance payment in respect of cycles

7B.—(1) To the extent that it would otherwise be earnings, the qualifying amount of a mileage allowance payment in respect of a cycle.

(2) The qualifying amount is that which would be produced by the formula in regulation 22A(4) if the value for **R** were the rate for the time being approved under [^{F62}section 230(2) of ITEPA 2003] in respect of a cycle.

(3) In this paragraph—

“cycle” has the meaning given in section 192(1) of the Road Traffic Act 1988; and

“mileage allowance payment” has the meaning given in [^{F63}section 229(2) of ITEPA 2003].

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

- F61** Sch. 3 Pt. 08 paras. 7A-7D and cross-headings inserted (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), **7(2)**
- F62** Words in sch. 3 Pt. 8 para. 7B(2) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(f)(i)**
- F63** Words in sch. 3 Pt. 8 para. 7B(3) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(f)(ii)**

Qualifying amounts of passenger payment

7C.—(1) To the extent that it would otherwise be earnings, the qualifying amount of a passenger payment.

(2) The qualifying amount is that which would be produced by the formula in regulation 22A(4) if—

- (a) references to business travel were to business travel for which the employee [^{F64}receives passenger payments within the meaning of section 233(3) of ITEPA 2003; and]
- (b) the value for **R** were the rate for the time being approved for a passenger payment under [^{F65}section 234 of ITEPA 2003].

(3) In this paragraph—

“passenger payment” has the meaning given in [^{F66}section 233(3) of ITEPA 2003]; and

^{F67} ...

Textual Amendments

- F61** Sch. 3 Pt. 08 paras. 7A-7D and cross-headings inserted (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), **7(2)**
- F64** Words in sch. 3 Pt. 8 para. 7C(2)(a) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(g)(i)(aa)**
- F65** Words in sch. 3 Pt. 8 para. 7C(2)(b) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(g)(i)(bb)**
- F66** Words in sch. 3 Pt. 8 para. 7C(3) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(g)(ii)**
- F67** Words in sch. 3 Pt. 8 para. 7C(3) omitted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(g)(iii)**

[^{F68}Car fuel

7D.—(1) A payment by way of the provision of car fuel which is chargeable to income tax under section 149 of ITEPA 2003.]]

Textual Amendments

- F61** Sch. 3 Pt. 08 paras. 7A-7D and cross-headings inserted (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), **7(2)**
- F68** Sch. 3 Pt. 8 para. 7D substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(h)**

Car parking facilities

8. A payment of, or a contribution towards, the provision of car parking facilities at or near the earner's place of employment which, by virtue of [^{F69}section 237 of ITEPA 2003], is not regarded as [^{F70}general earnings] of the earner's employment.

Textual Amendments

- F69** Words in sch. 3 Pt. 8 para. 8 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(i)(i)**
- F70** Words in sch. 3 Pt. 8 para. 8 substituted for (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(i)(ii)**

Specific and distinct payments of, or towards, expenses actually incurred

9.—[^{F71}(1)] For the avoidance of doubt, these shall be disregarded any specific and distinct payment of, or contribution towards, expenses which an employed earner actually incurs in carrying out his employment.

[^{F72}This is subject to the following qualification.]

[^{F73}(2) Sub-paragraph (1) does not authorise the disregard of any amount by way of relevant motoring expenditure, within the meaning of paragraph (3) of regulation 22A, in excess of that permitted by the formula in paragraph (4) of that regulation.]

Textual Amendments

- F71** Sch. 3 Pt. 08 para. 9: Sch. 3 Pt. 8 para. 9 renumbered as Sch. 3 Pt. 8 para. 9(1) (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), **7(3)(a)**
- F72** Words in Sch. 3 para. 9(1) added (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), **7(3)(b)**
- F73** Sch. 3 para. 9(2) added (6.4.2002) by [Social Security \(Contributions\) \(Amendment No.2\) Regulations 2002 \(S.I. 2002/307\)](#), regs. 1(1), **7(3)(c)**

[^{F74}council tax or water or sewerage charges] on accommodation provided for employee's use

10. A payment of, or a contribution towards meeting a person's liability for [^{F75}council tax or water or sewerage charges] in respect of accommodation occupied by him and provided for him by reason of his employment if by virtue of [^{F76}sections 99 or 100 of ITEPA 2003 (accommodation provided for performance of duties or as a result of a security threat)], [^{F77}he is not liable to income tax]^{F78}... in respect of the provision of that accommodation.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

- F74** Words in sch. 3 Pt. 8 para. 10 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(j)(i)**
- F75** Words in sch. 3 Pt. 8 para. 10 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(j)(i)**
- F76** Words in sch. 3 Pt. 8 para. 10 11 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(k)(i)**
- F77** Words in sch. 3 Pt. 8 para. 10 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(j)(ii)**
- F78** Words in sch. 3 Pt. 8 para. 10 omitted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(k)(i)**

This paragraph does not extend to Northern Ireland.

[^{F79} rates or water or sewerage charges] on accommodation provided for employee's use

11. A payment of, or a contribution towards meeting, a person's liability for [^{F80} rates or water or sewerage charges] in respect of accommodation occupied by him and provided for him by reason of his employment if by virtue of [^{F81} sections 99 or 100 of ITEPA 2003 (accommodation provided for performance of duties or as a result of a security threat)], he is not liable to income tax^{F82} ... in respect of the provision of that accommodation.

Textual Amendments

- F79** Words in sch. 3 Pt. 8 para. 11 heading substituted for (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(l)**
- F80** Words in sch. 3 Pt. 8 para. 11 substituted for (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(l)**
- F81** Words in sch. 3 Pt. 8 para. 11 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(k)(i)**
- F82** Words in sch. 3 Pt. 8 para. 11 omitted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(k)(ii)**

This paragraph extends only to Northern Ireland.

Foreign service allowance

12. A payment by way of an allowance which is not regarded as income for any income tax purpose by virtue of [^{F83} section 299 of ITEPA 2003 (Crown employees' foreign service allowance)].

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

F83 Words in sch. 3 Pt. 8 para. 12 substituted for (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(m)**

Commonwealth War Graves Commission and British Council: extra cost of living allowance

13. A payment by way of an allowance to a person in the service of the Commonwealth War Graves Commission or the British Council paid with a view to compensating him for the extra cost of living outside the United Kingdom in order to perform the duties of his employment.

Overseas medical treatment

- 14.** A payment of, or a contribution towards, expenses incurred in—
- (a) providing an employee with medical treatment outside the United Kingdom (including providing for him to be an in-patient) in a case where the need for the treatment arises while the employee is outside the United Kingdom for the purposes of performing the duties of his employment; or
 - (b) providing insurance for the employee against the cost of such treatment in a case falling within sub-paragraph (a).

Here “medical treatment” includes all forms of treatment for, and all procedures for diagnosing, any physical or mental ailment, infirmity or defect.

[^{F84}Experts Seconded to European Commission

15. A payment in respect of daily subsistence allowances paid by the European Commission to persons whose services are made available to the Commission by their employers under the detached national experts scheme which is exempt from income tax by virtue of section 304 of ITEPA 2003 (experts seconded to European Commission).]

Textual Amendments

F84 Sch. 3 Pt. 8 para. 15 added (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(6)(n)**

PART IX

[^{F85}Incentives by way of securities.]

Textual Amendments

F85 Sch. 3 Pt. IX heading substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(2)**

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

[^{F86}Certain payments by way of securities, restricted securities and restricted interests in securities, and gains arising from them, disregarded]

1.—^{F86}(1) Payments by way of securities, restricted securities and restricted interests in securities, and gains arising from them, are disregarded in the calculation of an employed earner’s earnings to the extent mentioned in this Part.]

(2) For the purposes of paragraphs 13, 15 and 16—

- (a) “body corporate” includes—
 - (i) a body corporate constituted under the law of a country or territory outside the United Kingdom, and
 - (ii) an unincorporated association wherever constituted;
- (b) “total discount” means the difference between the total value of the exercise price of the shares that are subject to the right in question and the total market value of that right;
- (c) “total market value” means the price which the shares that are subject to the right in question might reasonably be able to fetch in the open market; and
- (d) the total market value of the subsequent right is similar to the total market value of the first right if it is not substantially greater than the first right.

Textual Amendments

F86 Sch. 3 para. 1 heading substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(3)**

Shares in secondary contributor or associated body

^{F87}2.

Textual Amendments

F87 Sch. 3 para. 2 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(4)**

[^{F88} Rights to acquire securities

3. A payment by way of a right to acquire securities.]

Textual Amendments

F88 Sch. 3 para. 3 heading substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(5)**

“Short” share options granted on or after 6th April 1999

^{F89}3A.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

F89 Sch. 3 para. 3A omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(6)**

Enterprise management incentives

^{F90}4.

Textual Amendments

F90 Sch. 3 para. 4 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(6)**

[^{F91}Priority share allocations]

[^{F91}5. A payment by way of an allocation of shares in priority to members of the public in respect of which no liability to income tax arises by virtue of section 542 of ITEPA 2003.]

Textual Amendments

F91 Sch. 3 para. 5 heading substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(7)**

Partnership share agreements

6. A payment that is deducted from the earnings of the employment under a partnership share agreement.

Here “partnership share agreement” has the meaning given in [^{F92}paragraph 44 of Schedule 2 to ITEPA 2003.]

Textual Amendments

F92 Words in Sch. 3 para. 6 substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(8)**

Textual Amendments

F92 Words in Sch. 3 para. 6 substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(8)**

[^{F93}Shares under share incentive plans

7. A payment by way of an award of shares under a share incentive plan within the meaning of Schedule 2 to ITEPA 2003.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

F93 Sch. 3 paras. 7-7A heading substituted for Sch. 3 para. 7 (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(9)**

Securities and interests in securities which are not readily convertible assets

7A. A payment by way of the acquisition of securities, interests in securities or securities options in connection with employed earner’s employment if, or to the extent that, what is acquired is not a readily convertible asset.

Here “acquisition” includes acquisition pursuant to an employment-related securities option within the meaning of section 471(5) of ITEPA 2003 as substituted by the Finance Act 2003.]

Textual Amendments

F93 Sch. 3 paras. 7-7A heading substituted for Sch. 3 para. 7 (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(9)**

Shares under approved profit sharing schemes

F948.

Textual Amendments

F94 Sch. 3 para. 8 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(10)**

[F95 Restricted securities and restricted interests in securities

9.—(1) A payment by way of the acquisition of restricted securities, or a restricted interest in securities, where those securities are, or that interest is, employment-related, if no charge to income tax arises under section 425 of ITEPA 2003 other than by virtue of subsection (2) of that section.

This is subject to the following qualification.

(2) This paragraph does not apply if an election has been made as mentioned in subsection (3) of section 425 of ITEPA 2003.

(3) References in this paragraph to section 425 of ITEPA 2003 are to that section as substituted by paragraph 3(1) of Schedule 22 to the Finance Act 2003.]

Textual Amendments

F95 Sch. 3 para. 9 heading substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(11)**

Conditional interest in shares: gains from exercise etc. of share options

F9610.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

F96 Sch. 3 paras. 10-15 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(12)**

Convertible shares

^{F96}**11.**

Textual Amendments

F96 Sch. 3 paras. 10-15 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(12)**

Convertible shares: gains from the exercise etc. of share options

^{F96}**12.**

Textual Amendments

F96 Sch. 3 paras. 10-15 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(12)**

Share option gains by directors and employees

^{F96}**13.**

Textual Amendments

F96 Sch. 3 paras. 10-15 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(12)**

Shares acquired under options granted before 9th April 1998

^{F96}**14.**

Textual Amendments

F96 Sch. 3 paras. 10-15 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(12)**

Assignment or release of option

^{F96}**15.**

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

F96 Sch. 3 paras. 10-15 omitted (1.9.2003) by virtue of [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(12)**

[^{F97} Exercise of replacement share options where original option acquired before 6th April 1999

16.—(1) A gain realised by the exercise of a replacement right to acquire shares in a body corporate where the original right was obtained before 6th April 1999 provided that—

- (a) sub-paragraph (4) is satisfied, and
- (b) paragraph 17 does not apply,

The disregard conferred by this paragraph is subject to the following limitation.

(2) Only the value of the shares acquired by the exercise of the replacement right shall be disregarded.

(3) In this paragraph and paragraph 17—

“the original right” means the right, acquired before 6th April 1999, to acquire shares in a body corporate; and

“replacement right” means a right to acquire shares, obtained, whether as the result of one transaction or a series of transactions, and whether directly or indirectly, in consequence of—

- (a) the assignment or release of the original right; or
- (b) the assignment or release of a right which was itself obtained in consequence of the assignment or release of that right.

(4) This sub-paragraph is satisfied in respect of a transaction through which the replacement right was obtained if **A** is not substantially greater than **R**.

Here—

A is the market value of the shares which may be obtained by the exercise of the right acquired on that occasion, less any consideration which would have to be given on that occasion by or on behalf of the earner if that right were to be exercised immediately after its acquisition (disregarding any restriction on its exercise); and

R is the market value of the shares subject to the right assigned or released on that occasion, immediately before that occasion, less any consideration which would have been required to be given by or on behalf of the earner for the exercise of that right, disregarding any restriction on its exercise, subject to the following qualification.

If a transaction involves only a partial replacement of an earlier right, the amount of the earlier consideration to be deducted in computing **R** shall be proportionately reduced.]

Textual Amendments

F97 Sch. 3 paras. 16-16A heading substituted for Sch. 3 para. 16 (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(13)**

[^{F98} Payments resulting from exercise, assignment or release of options which are not disregarded by virtue of paragraph 16

17.—(1) This paragraph applies to a payment—

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

- (a) made on or after 10th April 2003, and
- (b) which would otherwise fall to be disregarded by virtue of paragraph 16 [^{F99} or 16A] of this Part,

where the market value of the shares has been increased by more than 10% by things done, on or after 6th April 1999, otherwise than for genuine commercial purposes.

(2) For the purposes of sub-paragraph (1) “the shares” includes—

- (a) the shares subject to the right currently being exercised; and
- (b) where the right to acquire shares held on 6th April 1999 has been replaced by a [^{F100} replacement right], includes the shares subject to [^{F101} a replacement right.]

(3) The following are among the things that are, for the purposes of this paragraph, done otherwise than for genuine commercial purposes—

- (a) anything done as part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax or of contributions under the Act; and
- (b) any transaction between companies which, at the time of the transaction, are members of the same group on terms which are not such as might be expected to be agreed between persons acting at arm’s length.

(4) But sub-paragraph (3)(b) does not apply to a payment for group relief within the meaning given in section 402(6) of the Taxes Act.

(5) In sub-paragraph (3)(b) “group” means a body corporate and its 51% subsidiaries (within the meaning of section 838 of the Taxes Act), and other expressions used in this paragraph which are defined in, or for the purposes of, paragraph 16 have the same meaning here as they have in that paragraph.]

Textual Amendments

- F98** Sch. 3 para. 17 added (10.4.2003) by [The Social Security \(Contributions\) \(Amendment No. 3\) Regulations 2003 \(S.I. 2003/1059\)](#), regs. 1(1), **4(3)**
- F99** Words in Sch. 3 para. 17(1)(b) inserted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(14)(a)**
- F100** Words in Sch. 3 para. 17(2)(b) substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(14)(b)(i)**
- F101** Words in Sch. 3 para. 17(2)(b) substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **12(14)(b)(ii)**

PART X

MISCELLANEOUS AND SUPPLEMENTAL

Other miscellaneous payments to be disregarded

1.—(1) The payments listed in paragraphs [^{F102} to 17] are disregarded in the calculation of earnings.

(2) Paragraph 4 contains additional rules about the way in which the components of a payment by way of expenses incidental to a qualifying absence from home are to be treated for the purpose of earnings-related contributions if the permitted maximum is exceeded.

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Textual Amendments

F102 Words in Sch. 3 para. 1 substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **13(a)**

Payments on account of sums already included in the computation of earnings

2. A payment on account of a person's earnings in respect of his employment as an employed earner which comprises, or represents and does not exceed sums which have previously been included in his earnings for the purpose of his assessment of earnings-related contributions.

Payments discharging liability for secondary Class 1 contributions following election under paragraph 3B of Schedule 1 to the Contributions and Benefits Act

3. A payment by way of the discharge of any liability for secondary Class 1 contributions which has been transferred from the secondary contributor to the employed earner by election made jointly by them for the purposes of paragraph 3B(1) of Schedule 1 to the Contributions and Benefits Act (elections about contribution liability in respect of share option gains) ^{F103}.

Textual Amendments

F103 Paragraph 3B was inserted by section 77(2) of the [Child Support, Pensions and Social Security Act 2000 \(c. 19\)](#).

Payments by way of incidental [^{F104}overnight] expenses

4.—^{F105}(1) A payment by way of incidental overnight expenses, in whatever form, which by virtue of section 240 of ITEPA 2003 are not general earnings liable to income tax under that Act.

(2) If a payment is made by way of incidental overnight expenses in connection with a qualifying period, but the amount of that payment (calculated in accordance with section 241 of ITEPA 2003) exceeds the permitted amount, sub-paragraphs (3) to (6) apply.]

(3) So much of the payment as is made by way of cash shall be included in the calculation of earnings.

(4) The amount of cash for which a cash voucher can be exchanged shall be included in the calculation of earnings.

(5) The cost of provision of any non-cash voucher shall be included in the calculation of earnings and anything for which the voucher can be exchanged shall be disregarded in that calculation.

(6) Any payment by way of a benefit in kind shall be disregarded in the calculation of earnings.

^{F106}(7) In this paragraph—

“the cost of provision” in relation to a non-cash voucher is the cost incurred by the person at whose expense the voucher is provided;

“the permitted amount” has the meaning given in section 241(3) of ITEPA 2003; and

“qualifying period” has the meaning given in section 240(1)(b) and (4) of ITEPA 2003.]

Textual Amendments

- F104** Words in Sch. 3 Pt. 10 para. 4 heading substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(7)(a)(i)
- F105** Sch. 3 Pt. 10 para. 4(1)(2) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(7)(a)(ii)
- F106** Sch. 3 Pt. 10 para. 7 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 28(7)(a)(iii)

Gratuities and offerings

- 5.—(1) A payment of, or in respect of, a gratuity or offering [^{F107}which—
- (a) satisfies the condition in either sub-paragraph (2) or (3); and
 - (b) is not within sub-paragraph (4) or (5).]
- (2) [^{F108}The condition in this sub-paragraph] is that the payment—
- (a) is not made, directly or indirectly, by the secondary contributor; and
 - (b) does not comprise or represent sums previously paid to the secondary contributor.
- (3) [^{F109}The condition in this sub-paragraph] is that the secondary contributor does not allocate the payment, directly or indirectly, to the earner.
- [^{F110}(4) A payment made to the earner by a person who is connected with the secondary contributor is within this sub-paragraph unless—
- (a) it is—
 - (i) made in recognition for personal services rendered to the connected person by the earner or by another earner employed by the same secondary contributor; and
 - (ii) similar in amount to that which might reasonably be expected to be paid by a person who is not so connected; or
 - (b) the person making the payment does so in his capacity as a tronc-master.
- (5) A payment made to the earner is within this sub-paragraph if it is made by a trustee holding property for any persons who include, or any class of persons which includes, the earner.
- In this sub-paragraph “trustee” does not include a tronc-master.
- (6) A person is connected with the secondary contributor for the purposes of this paragraph if his relationship with the secondary contributor, or where the employer and secondary contributor are different, with either of them, is as described in subsection (2), (3), (4), (5), (6) or (7) of section 839 of the Taxes Act (connected persons).]

Textual Amendments

- F107** Words in Sch. 3 Pt. 10 para. 5(1) substituted (23.2.2004) by [The Social Security \(Contributions\) \(Amendment\) Regulations 2004 \(S.I. 2004/173\)](#), regs. 1, **2(2)**
- F108** Words in Sch. 3 Pt. 10 para. 5(2) substituted (23.2.2004) by [The Social Security \(Contributions\) \(Amendment\) Regulations 2004 \(S.I. 2004/173\)](#), regs. 1, **2(3)**
- F109** Words in Sch. 3 Pt. 10 para. 5(3) substituted (23.2.2004) by [The Social Security \(Contributions\) \(Amendment\) Regulations 2004 \(S.I. 2004/173\)](#), regs. 1, **2(4)**
- F110** Sch. 3 Pt. 10 para. 5(4)-(6) added (23.2.2004) by [The Social Security \(Contributions\) \(Amendment\) Regulations 2004 \(S.I. 2004/173\)](#), regs. 1, **2(5)**

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

Redundancy payments

6. For the avoidance of doubt, in calculating the earnings paid to or for the benefit of an earner in respect of an employed earner's employment, any payment by way of a redundancy payment shall be disregarded.

Sickness payments attributable to contributions made by employed earner

7. If the funds for making a sickness payment under arrangements of the kind mentioned in section 4(1)(b) of the Contributions and Benefits Act are attributable in part to contributions to those funds made by the employed earner, for the purposes of section 4(1) of that Act the part of that payment which is attributable to those contributions shall be disregarded.

[^{F111}Expenses and other payments not charged to income tax under miscellaneous exemptions]

[^{F111}8. A payment which is not charged to tax by virtue of any of the following provisions of ITEPA 2003—

- (a) section 321 (suggestion awards);
- (b) section 245 (travelling and subsistence during public transport strikes);
- (c) section 246 (transport between work and home for disabled employees: general);
- (d) section 248 (transport home: late night working and failure of car-sharing arrangements).]

Textual Amendments

F111 Sch. 3 para. 8 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(7)(b)**

VAT on the supply of goods and services by employed earner

9. If—

- (a) goods or services are supplied by an earner in employed earner's employment;
- (b) earnings paid to or for the benefit of the earner in respect of that employment include the remuneration for the supply of those goods or services; and
- (c) value added tax is chargeable on that supply;

an amount equal to the value added tax chargeable on that supply shall be excluded from the calculation of those earnings.

[^{F112}Employee's liabilities and indemnity insurance]

[^{F112}10. A payment which by virtue of section 346 of ITEPA 2003 (deduction for employee liabilities) is deductible from the general earnings of the employment chargeable to tax under that Act.]

Textual Amendments

F112 Sch. 3 Pt. 10 para. 10 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(7)(c)**

Fees and subscriptions to professional bodies, learned societies etc

11. A payment of, or a contribution towards any fee, contribution or annual subscription which, under [F113]section 343 or 344 of ITEPA 2003 (deduction for professional membership fees or annual subscriptions) is deductible from the general earnings of any office or employment.]

Textual Amendments

F113 Sch. 3 Pt. 10 para. 11 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(7)(d)**

Holiday pay

- 12.** A payment in respect of a period of holiday entitlement where—
- (a) the sum paid is derived directly or indirectly from a fund—
 - (i) to which more than one secondary contributor contributes, and
 - (ii) the management and control of which are not vested in those secondary contributors;or
 - (b) the person making the payment is entitled to be reimbursed from such a fund.

Payments to ministers of religion

13. A payment of a fee in respect of employment as a minister of religion which does not form part of the stipend or salary paid in respect of that employment.

[F114] Payments to miners and former miners, etc. in lieu of coal

- 14.—(1)** A payment in lieu of the provision of coal or smokeless fuel, if the employee is—
- (a) a colliery worker;
 - (b) a former colliery worker;

and the condition in sub-paragraph (2) is met.

(2) The condition is that the amount of coal or fuel in respect of which the payment is made does not substantially exceed the amount reasonably required for personal use.

(3) That condition is assumed to be met unless the contrary is shown.

(4) In this paragraph, “colliery worker” means a coal miner or any other person employed at or about a colliery otherwise than in clerical, administrative or technical work; and “former colliery worker” shall be construed accordingly.

(5) This paragraph does not apply to Northern Ireland.]

Textual Amendments

F114 Sch. 3 Pt. 10 para. 14 substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **28(7)(e)**

[F115] Rewards for assistance with lost or stolen cards

15.—(1) A payment made by an issuer of charge cards, cheque guarantee cards, credit cards or debit cards, as a reward to an individual who assists in identifying or recovering lost or stolen cards

Status: Point in time view as at 06/04/2004.

Changes to legislation: There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3. (See end of Document for details)

in the course of his or her employment as an employed earner (other than employment by the issuer), together with any income tax paid by the issuer for the purpose of discharging any liability of the individual to income tax on the payment.

(2) In this paragraph—

“charge card” means a credit card, the terms of which include the obligations to settle the account in full at the end of a specified period;

“cheque guarantee card” means a card issued by a bank or building society for the purpose of guaranteeing a payment or supporting the encashment of a cheque up to a specified value;

“credit card” means a card which—

(a) may be used on its own to pay for goods or services or to withdraw cash, and

(b) enables the holder to make purchases and to draw cash up to a prearranged limit; and

“debit card” means a card linked to a bank or building society current account, used to pay for goods or services by debiting the holder’s account.]

Textual Amendments

F115 Sch. 3 Pt. 10 para. 15 added (26.7.2001) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2001 \(S.I. 2001/2412\)](#), regs. 1, **5(4)(b)**

[^{F116}Student loans

16.—(1) A payment made in accordance with Regulations made under section 186 of the Education Act 2002 in respect of the repayment, reduction or extinguishing of the amounts payable in respect of a loan.

(2) A payment for the purpose of discharging any liability of the earner to income tax for any tax year where the income tax in question is tax chargeable in respect of—

(a) the payment referred to in paragraph (1), or

(b) the payment made for the purpose of discharging the income tax liability itself.]

Textual Amendments

F116 and cross-heading added (17.12.2002) by [The Social Security \(Contributions\) \(Amendment No. 4\) Regulations 2002 \(S.I. 2002/2924\)](#), regs. 1, **4(b)**

[^{F117}Payment of PAYE tax in respect of notional payment

17. A payment by way of income tax for which the employer is required to account to the Board under section 710(1) of ITEPA 2003 (notional payments: accounting for tax).]

Textual Amendments

F117 Sch. 3 para. 17 and heading added (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **13(b)**

Status:

Point in time view as at 06/04/2004.

Changes to legislation:

There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, SCHEDULE 3.