



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 4

EXEMPTIONS: EDUCATION AND TRAINING

Work-related training

250 Exemption of work-related training provision

- (1) No liability to income tax arises by virtue of—
- (a) the provision for an employee of work-related training or any benefit incidental to such training, or
 - (b) the payment or reimbursement to or in respect of an employee of—
 - (i) the cost of work-related training or of any benefit incidental to such training, or
 - (ii) any costs of a kind specified in subsection (2) in respect of such training.
- (2) The costs are—
- (a) costs which are incidental to the employee undertaking the training,
 - (b) expenses incurred in connection with an examination or other assessment of what the employee has gained from the training, and
 - (c) the cost of obtaining any qualification, registration or award to which the employee becomes or may become entitled as a result of the training or such an examination or other assessment.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 4. (See end of Document for details)

251 Meaning of “work-related training”

- (1) In this Chapter “work-related training”, in relation to an employee, means a training course or other activity designed to impart, instil, improve or reinforce any knowledge, skills or personal qualities which—
- (a) are likely to prove useful to the employee when performing the duties of the employment or a related employment, or
 - (b) will qualify or better qualify the employee—
 - (i) to perform those duties, or
 - (ii) to participate in any charitable or voluntary activities that are available to be performed in association with the employment or a related employment.
- (2) For this purpose “related employment”, in relation to an employee, means another employment with the same employer, or with a person connected with the employer, which the employee—
- (a) is to hold,
 - (b) has a serious opportunity of holding, or
 - (c) can realistically expect to have a serious opportunity of holding in due course.

252 Exception for non-deductible travel expenses

- (1) Where travel or subsistence is provided or the costs of travel or subsistence are paid or reimbursed, section 250 does not apply except to the extent that the travel meets condition A or B or the subsistence meets condition B.
- (2) Condition A is that, on the assumptions in subsection (4), mileage allowance relief under Chapter 2 of this Part would be available for the travel if no mileage allowance payments had been made.
- (3) Condition B is that, on those assumptions, the expenses of the travel or subsistence would be deductible under Part 5.
- (4) The assumptions are—
- (a) that the employee undertook the training as one of the duties of the employment, and
 - (b) that the employee incurred and paid the expenses.
- (5) In this section—
- “mileage allowance payments” has the meaning given by section 229(2), and
 “subsistence” includes food, drink and temporary living accommodation.

253 Exception where provision for excluded purposes

- (1) Section 250 does not apply if or to the extent that the facilities or other benefits that are provided or the costs of which are paid or reimbursed are provided to the employee for one or more of the following purposes.
- (2) They are—
- (a) enabling the employee to enjoy the facilities or benefits for entertainment or recreational purposes which are unconnected,

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- (b) providing the employee with an unconnected inducement to remain in or accept an employment with the employer or a person connected with the employer, and
 - (c) rewarding the employee for performing duties of the employment or performing them in a particular way.
- (3) In subsection (2)(a) the reference to enjoying facilities or benefits for entertainment or recreational purposes includes a reference to enjoying them in the course of a leisure activity.
- (4) In subsection (2)(a) and (b) “unconnected” means unconnected with imparting, instilling, improving or reinforcing knowledge, skills or personal qualities within section 251(1).

254 Exception where unrelated assets are provided

- (1) Section 250 does not apply if the benefit that is provided or the cost of which is paid or reimbursed is, or is the use of, an asset that is not a training-related asset.
- (2) “Training-related asset”, in relation to work-related training provided to an employee, means—
- (a) an asset provided for use only—
 - (i) in the course of the training, or
 - (ii) in the course of the training and in the performance of the duties of the employee’s employment,
 - (b) training materials provided in the course of the training, or
 - (c) something made by the employee in the course of the training or incorporated into something so made.
- (3) For this purpose, “training materials” includes stationery, books or other written material, audio or video tapes, compact disks or floppy disks.

^{F1}Persons leaving local authority care

Textual Amendments

- F1** S. 254A and cross-heading inserted (6.4.2020 with effect in relation to the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\)](#), [s. 11](#)

254A Apprenticeship bursaries paid to persons leaving local authority care

- (1) No liability to income tax arises in respect of a care leaver's apprenticeship bursary payment.
- (2) A care leaver's apprenticeship bursary payment is a payment—
- (a) payable out of the public revenue,
 - (b) to a care leaver (see subsection (3)),
 - (c) made in connection with the person's employment as an apprentice (see subsection (4)), and
 - (d) in respect of which any conditions specified in regulations made by the Treasury are met.

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- (3) A person is a care leaver if they are a person—
- (a) who is, or was, a child looked after—
 - (i) by a local authority in England within the meaning of section 22 of the Children Act 1989 (general duty of local authority in relation to children looked after by them);
 - (ii) by a local authority in Wales within the meaning of the Social Services and Well-being (Wales) Act 2014 (anaw 4) (see section 74 of that Act (child or young person looked after by a local authority));
 - (iii) by a local authority in Scotland within the meaning of Chapter 1 of Part 2 of the Children (Scotland) Act 1995 (see section 17(6) of that Act (duty of local authority to child looked after by them));
 - (iv) by an authority in Northern Ireland within the meaning of the Children (Northern Ireland) Order 1995 (S.I. 1995/755 (N.I. 2)) (see Article 25 of that Order (children looked after by an authority: interpretation)), and
 - (b) in respect of whom any other conditions specified in regulations made by the Treasury are met.
- (4) “Apprentice” has the meaning specified in regulations made by the Treasury.
- (5) Regulations under this section—
- (a) may make provision framed by reference to a scheme (however described or named), or document, as it has effect from time to time,
 - (b) may make different provision for different purposes,
 - (c) may make different provision for different areas, and
 - (d) may make retrospective provision.]

Individual learning account training

255 Exemption for contributions to individual learning account training

- (1) No liability to income tax in respect of income from a current or former employment arises by virtue of—
- (a) the provision to a person within subsection (2) (“the employee”) of individual learning account training that is given by a person who is not the employee’s employer or former employer,
 - (b) any payment to the person giving the training in respect of the cost of that provision,
 - (c) the provision to the employee of any benefit incidental to such training, or
 - (d) the payment or reimbursement of any costs in respect of such training of a kind specified in subsection (3).
- (2) A person is within this subsection if the person either—
- (a) holds an account that qualifies under section 104 of the Learning and Skills Act 2000 (c. 21), or
 - (b) is a party to arrangements that qualify under section 105 or 106 of that Act or section 2 of the Education and Training (Scotland) Act 2000 (asp. 8).
- (3) The costs are—
- (a) costs which are incidental to the employee undertaking the training,

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- (b) expenses incurred in connection with an examination or other assessment of what the employee has gained from the training, and
- (c) the cost of obtaining any qualification, registration or award to which the employee becomes or may become entitled as a result of the training or such an examination or other assessment.

256 Meaning of “individual learning account training”

In this Chapter “individual learning account training” means training or education of a kind that qualifies for grants authorised by—

- (a) regulations under section 108 or 109 of the Learning and Skills Act 2000 (c. 21), or
- (b) regulations under section 1 of the Education and Training (Scotland) Act 2000.

257 Exception for non-deductible travel expenses

- (1) Where travel or subsistence is provided or the costs of travel or subsistence are paid or reimbursed, section 255 does not apply except to the extent that the travel meets condition A or B or the subsistence meets condition B.
- (2) Condition A is that, on the assumptions in subsection (4), mileage allowance relief under Chapter 2 of this Part would be available for the travel if no mileage allowance payments had been made.
- (3) Condition B is that, on those assumptions, the expenses of the travel or subsistence would be deductible under Part 5.
- (4) The assumptions are—
 - (a) that the employee undertook the training as one of the duties of the employment, and
 - (b) that the employee incurred and paid the expenses.
- (5) In this section—
 - “mileage allowance payments” has the meaning given by section 229(2), and
 - “subsistence” includes food, drink and temporary living accommodation.

258 Exception where provision for excluded purposes

- (1) Section 255 does not apply if or to the extent that the facilities or other benefits that are provided or made available, or the costs of which are paid or reimbursed, are provided or made available for either or both of the following purposes.
- (2) They are—
 - (a) enabling the employee or former employee to enjoy the facilities or benefits for entertainment or recreational purposes, and
 - (b) rewarding the employee or former employee for performing duties of the employment or former employment or performing them in a particular way.
- (3) In subsection (2)(a) the reference to enjoying facilities or benefits for entertainment or recreational purposes includes a reference to enjoying them in the course of a leisure activity.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 4. (See end of Document for details)

259 Exception where unrelated assets are provided

- (1) Section 255 does not apply if the benefit that is provided, or the use of which is provided, or the cost of which is paid or reimbursed is an asset that is not a training-related asset.
- (2) “Training-related asset”, in relation to individual learning account training provided to an employee or former employee, means—
 - (a) an asset provided—
 - (i) for use only in the course of the training, or
 - (ii) for use in the course of the training and in the performance of the duties of the employee’s employment, but not to any significant extent for any other use, or
 - (b) training materials provided in the course of the training, or
 - (c) something made by the employee or former employee in the course of the training or incorporated into something so made.
- (3) For this purpose “training materials” includes stationery, books or other written material, audio or video tapes, compact disks or floppy disks.

260 Exception where training not generally available to staff

- (1) Section 255(1) only applies if any expenditure involved in making the provision, the payment or the reimbursement is incurred in giving effect to existing arrangements providing—
 - (a) for the person incurring it to contribute to costs arising from the undertaking of individual learning account training by the employer’s employees or former employees, and
 - (b) for such contributions to be generally available, on similar terms, to the employer’s employees at that time.
- (2) In subsection (1) “existing arrangements” means arrangements in place when the agreement to incur the expenditure was made.
- (3) The Treasury may by regulations make provision specifying the persons or other entities under whom Crown servants are to be treated for the purposes of this section as holding employment.
- (4) Such regulations may—
 - (a) treat a description of Crown servants (or two or more such descriptions taken together) as an entity for the purposes of the regulations, and
 - (b) make different provision for different descriptions of Crown servants.
- (5) In this section “Crown servant” means a person holding an employment under the Crown.

Changes to legislation:

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