

INCOME TAX (EARNINGS AND PENSIONS) ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Example 3

£150(Pe) – £50(E) = £100

Section 96: Dispensations relating to vouchers or credit-tokens

365. This section provides for the Inland Revenue to give a notice (commonly called a dispensation) where they are satisfied that no additional tax is payable under the provisions of this Chapter. The section also provides for such notices to be revoked and for the tax charge to apply accordingly.
366. This section derives from section 144(1) and (2) of ICTA.
367. *Subsection (1)* sets out when the section applies, which is when a person applies for a dispensation. The reference to the Inland Revenue replaces references to the inspector. See *Change 158* in Annex 1.
368. *Subsection (2)* requires the Inland Revenue to give a dispensation if they are satisfied that no additional tax would arise in the particular circumstances from the application of this Chapter.
369. *Subsection (3)* defines “dispensation”. That term is the commonly used name for the written notification that the Inland Revenue gives the employer to authorise the application of the provisions in this section to the benefit of vouchers and credit-tokens. The section also characterises the dispensation as a notice which, by virtue of the definition of that word in section 832(1) of ICTA, means that it must be in writing. These two changes to formalise the common name for the authorisation given and to require that it must be in writing are minor changes to the law. See *Change 16* in Annex 1.
370. *Subsection (4)* sets out the effect of a dispensation.
371. *Subsections (5) to (8)* authorise the Inland Revenue to revoke a dispensation “if in their opinion there is reason to do so”, and set out the consequences of such a revocation. The consequences depend on the date from which the revocation has effect (which may be as far back as the date the dispensation was given).
372. A notice revoking a dispensation is “given” rather than “served”. This is in line with current practice and consistent with the usage for notices in CAA 2001. This is a minor change to the law. See *Change 16* in Annex 1.