

*These notes refer to the Income Tax (Earnings and Pensions)  
Act 2003 (c.1) which received Royal Assent on 6th March 2003*

# **INCOME TAX (EARNINGS AND PENSIONS) ACT 2003**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### ***Example 3***

***£150(Pe) – £50(E) = £100***

#### ***Chapter 7: Taxable Benefits: Loans***

#### **Overview**

#### ***Section 187: Aggregation of loans by close company to director***

- 727. This section provides for the aggregation of certain loans on an election where the borrower is a director of a close company which is the lender. It derives from section 160(1B) and (1BA) of ICTA.
- 728. *Subsection (1)* sets out the circumstances when the section applies.
- 729. *Subsection (2)* allows the lender to elect for aggregation for a tax year to apply to the borrower.
- 730. *Subsection (3)* explains the effect of the election.
- 731. *Subsection (4)* places a restriction on which loans may be aggregated.
- 732. *Subsection (5)* says by whom and how and within what time limit the election may be made. See *Change 158* in Annex 1 regarding the reference to “the Inland Revenue”.