

*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

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Example 3

£150(Pe) – £50(E) = £100

Chapter 10: Taxable benefits: residual liability to charge

Overview

Section 203: Cash equivalent of benefit treated as earnings

806. This section establishes that the cash equivalent is to be treated as earnings, and provides guidance on how to work out the cash equivalent.
807. *Subsection (1)* derives from the closing words of section 154(1) of ICTA. It provides that the cash equivalent is the amount treated as earnings. The words “for the tax year in which it is provided” are not in section 154. This clarification of the timing rule is explained more fully in *Note 7* in Annex 2.
808. *Subsection (2)* derives from section 156(1) of ICTA. It provides the basic rule that the cash equivalent is the cost of provision less amounts made good.
809. *Subsection (3)* derives from section 156(2) to (7) of ICTA and indicates which sections provide the rules for finding the cost of the benefit.