

INCOME TAX (EARNINGS AND PENSIONS) ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Example 3

Ne = £5,000; Da = 183; De = 183; Smg = 0

Part 5: Employment income: deductions allowed from earnings

Overview

Chapter 2: Deductions for employee's expenses

Overview

Section 340: Travel between group employments

1462. This section allows a deduction from earnings for travel expenses where an employee, who has employments with more than one company in the same group, travels from a place of employment with one group company to another place of employment with another group company.
1463. The section derives from section 198(1B) of ICTA, which provides that the travel expenses are treated as necessarily expended in the performance of the duties to be performed at the destination.
1464. *Subsections (2) to (5)* set out all the conditions that need to be met for the deduction to be allowed. The condition that it is the holder of the employment who is obliged to incur the expenses has not been included, because the Inland Revenue does not rely on this condition before the deduction is allowed. See *Change 83* in Annex 1.
1465. *Subsection (6)* defines the term “group” for the purposes of this section. The definition is more concise than in the legislation from which this subsection derives.
1466. *Subsection (7)* does not set out the general proposition, to be found in the source legislation, that the travel expenses are necessarily expended in the performance of the duties to be performed at the destination. Instead, the operation of the provision has been confined to the two sections (mentioned in this subsection) where this proposition may have an impact.
1467. *Subsection (8)* provides that this section needs to be read with section 359, which prohibits a deduction if a mileage allowance is paid or if mileage allowance relief is available.