

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

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### *Example 3*

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

#### **Part 5: Employment income: deductions allowed from earnings**

##### **Travel costs and expenses where duties performed abroad**

##### *Section 370: Travel costs and expenses where duties performed abroad: employee's travel*

1618. This section provides that a deduction is allowed from earnings for travel costs and expenses where the journey in question is made by the employee.
1619. The section derives from provisions in section 194(1), (3), (4), (5), (6) and (8) of ICTA.
1620. *Subsection (1)* specifies the circumstances in which a deduction from earnings is allowed. See also *Change 101(A)* in Annex 1. The deduction is allowed if:
- the employee has earnings which are taxable earnings under section 15 or 21 (which apply if the employee is resident and ordinarily resident in the United Kingdom in the tax year);
  - the earnings include an amount in respect of the provision of travel facilities for a journey made by the employee, or the reimbursement of expenses incurred by the employee on such a journey; and
  - the requirements specified in one of cases A to C are met.
1621. *Subsection (2)* provides that the deduction is equal to the included amount; and cases A, B and C are set out in *subsections (3), (4) and (5)*.
1622. In the source legislation the provisions of section 132(2) of ICTA could affect the availability of this deduction. The application of section 132(2) would mean the disallowance of a deduction under this section where the duties performed in the United Kingdom were merely incidental to the performance of the other duties of the employment outside the United Kingdom. In practice deductions are allowed in these circumstances; and, accordingly, material deriving from section 132(2) of ICTA has not been included in this section. See *Change 101(B)* in Annex 1.