



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 2

EMPLOYMENT INCOME: CHARGE TO TAX

CHAPTER 4

[^{F1}TAXABLE EARNINGS: UK RESIDENT EMPLOYEES]

When general earnings are received

18 Receipt of money earnings

- (1) General earnings consisting of money are to be treated for the purposes of this Chapter as received at the earliest of the following times—

Rule 1

The time when payment is made of or on account of the earnings.

Rule 2

The time when a person becomes entitled to payment of or on account of the earnings.

Rule 3

If the employee is a director of a company and the earnings are from employment with the company (whether or not as director), whichever is the earliest of—

- (a) the time when sums on account of the earnings are credited in the company's accounts or records (whether or not there is any restriction on the right to draw the sums);

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: When general earnings are received. (See end of Document for details)

- (b) if the amount of the earnings for a period is determined by the end of the period, the time when the period ends;
 - (c) if the amount of the earnings for a period is not determined until after the period has ended, the time when the amount is determined.
- (2) Rule 3 applies if the employee is a director of the company at any time in the tax year in which the time mentioned falls.
- (3) In this section “director” means—
- (a) in relation to a company whose affairs are managed by a board of directors or similar body, a member of that body,
 - (b) in relation to a company whose affairs are managed by a single director or similar person, that director or person, and
 - (c) in relation to a company whose affairs are managed by the members themselves, a member of the company,
- and includes any person in accordance with whose directions or instructions the directors of the company (as defined above) are accustomed to act.
- (4) For the purposes of subsection (3) a person is not to be regarded as a person in accordance with whose directions or instructions the directors of the company are accustomed to act merely because the directors act on advice given by that person in a professional capacity.
- (5) Where this section applies—
- (a) to a payment on account of general earnings, or
 - (b) to sums on account of general earnings,
- it so applies for the purpose of determining the time when an amount of general earnings corresponding to the amount of that payment or those sums is to be treated as received for the purposes of this Chapter.

19 Receipt of non-money earnings

- (1) General earnings not consisting of money are to be treated for the purposes of this Chapter as received at the following times.
- (2) If an amount is treated as earnings for a particular tax year under any of the following provisions, the earnings are to be treated as received in that year—
- section 81 (taxable benefits: cash vouchers),
 - section 94 [^{F1}or 94A] (taxable benefits: credit-tokens),
 - Chapter 5 of Part 3 (taxable benefits: living accommodation),
 - Chapter 6 of Part 3 (taxable benefits: cars, vans and related benefits),
 - Chapter 7 of Part 3 (taxable benefits: loans),
 - ^{F2}
 - ...
 - ^{F2}
 - ...
 - Chapter 10 of Part 3 (taxable benefits: residual liability to charge),
 - section 222 (payments treated as earnings: payments on account of tax where deduction not possible),
 - section 223 (payments treated as earnings: payments on account of director’s tax).
 - [^{F3}section 226A (amount treated as earnings: employee shareholder shares).] ,

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: When general earnings are received. (See end of Document for details)

- (3) If an amount is treated as earnings under section 87 [^{F4}or 87A] (taxable benefits: non-cash vouchers), the earnings are to be treated as received in the tax year mentioned in section 88.
- (4) If subsection (2) or (3) does not apply, the earnings are to be treated as received at the time when the benefit is provided.

Textual Amendments

- F1** Words in s. 19(2) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), **Sch. 2 para. 50(2)**
- F2** S. 19(2) entries repealed (with effect in accordance with Sch. 22 para. 18(2) of the amending Act) by Finance Act 2003 (c. 14), Sch. 22 para. 18(1), **Sch. 43 Pt. 3(4)**
- F3** Words in s. 19(2) inserted (1.9.2013) by Finance Act 2013 (c. 29), **Sch. 23 paras. 2, 38**; S.I. 2013/1755, art. 2
- F4** Words in s. 19(3) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), **Sch. 2 para. 50(3)**

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: When general earnings are received.