



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

### CHAPTER 4

TAXABLE BENEFITS: VOUCHERS AND CREDIT-TOKENS

*Benefit of credit-token treated as earnings*

#### **94 Benefit of credit-token treated as earnings**

- (1) On each occasion on which a credit-token to which this Chapter applies is used by the employee in a tax year to obtain money, goods or services, the cash equivalent of the benefit of the token is to be treated as earnings from the employment for that year.
- (2) The cash equivalent is the difference between—
  - (a) the cost of provision, and
  - (b) any part of that cost made good by the [<sup>F1</sup>employee—
    - (i) to the person incurring it, and
    - (ii) on or before 6 July following the tax year which contains the occasion in question.]
- (3) In this section the “cost of provision” means the expense incurred—
  - (a) in or in connection with the provision of the money, goods or services obtained on the occasion in question, and
  - (b) by the person at whose cost they are provided.

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**Changes to legislation:** There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Benefit of credit-token treated as earnings. (See end of Document for details)

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- (4) If a person incurs expense in or in connection with the provision of credit-tokens for two or more employees as members of a group or class, the expense incurred in respect of one of them is to be such part of that expense as is just and reasonable.

**Textual Amendments**

- F1** Words in s. 94(2)(b) substituted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(4)

**[<sup>F2</sup>94A Benefit of credit-token treated as earnings: optional remuneration arrangements**

- (1) If the conditions in subsections (2) and (3) are met in relation to any occasions on which a credit-token to which this Chapter applies is used by the employee in a tax year to obtain money, goods or services—
- (a) the relevant amount is to be treated as earnings from the employment for that year, and
  - (b) section 94(1) does not apply in relation to the use of the credit-token on those occasions.

- (2) The condition in this subsection is that the credit-token is used pursuant to optional remuneration arrangements.

- (3) The condition in this subsection is that AF is greater than the relevant cost of provision for the tax year.

In this section “AF” means so much of the amount foregone (see section 69B) as is attributable on a just and reasonable basis to the use of the credit-token by the employee in the tax year pursuant to the optional remuneration arrangements to obtain money, goods or services.

- (4) The “relevant amount” is the difference between—
- (a) AF, and
  - (b) any part of the relevant cost of provision for the tax year that is made good by the employee, to the person incurring it, on or before 6 July following the tax year which contains the occasion of use of the credit-token to which the making good relates.

- (5) But the relevant amount is taken to be zero if the amount given by paragraph (b) of subsection (4) exceeds AF.

- (6) For the purposes of this section the “relevant cost of provision for the tax year” is determined as follows—

*Step 1* Find the cost of provision with respect to each occasion of use of the credit-token by the employee in the tax year pursuant to the optional remuneration arrangements to obtain money, goods or services.

*Step 2* The total of those amounts is the relevant cost of provision for the tax year.

- (7) But the relevant cost of provision for the tax year is to be taken to be zero if the condition in subsection (8) is met.

- (8) The condition is that use of the credit token by the employee in the tax year pursuant to the optional remuneration arrangements to obtain money, goods or services would be exempt from income tax but for section 228A (exclusion of certain exemptions).

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**Changes to legislation:** There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Benefit of credit-token treated as earnings. (See end of Document for details)

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(9) In this section “cost of provision” has the same meaning as in section 94.]

**Textual Amendments**

**F2** S. 94A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 6](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Benefit of credit-token treated as earnings.