



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 1

EXEMPTIONS: GENERAL

227 Scope of Part 4

- (1) This Part contains—
 - (a) earnings-only exemptions, and
 - (b) employment income exemptions.
- (2) In this Act “earnings-only exemption” means an exemption from income tax which—
 - (a) prevents liability to tax arising in respect of earnings, either by virtue of one or more particular provisions (such as a Chapter of the benefits code) or at all, and
 - (b) does not prevent liability to tax arising in respect of other employment income.
- (3) In this Act “employment income exemption” means an exemption from income tax which prevents liability to tax arising in respect of employment income of any kind at all.
- (4) The following provisions in Part 7 also confer exemption from liability to income tax in respect of earnings—
 - (a) section 426 (conditional interests in shares: no charge in respect of acquisition of employee’s interest in certain circumstances),
 - (b) section 474 (share options: no charge in respect of receipt of shorter- term option),

Status: This is the original version (as it was originally enacted).

- (c) sections 489 to 493 and sections 496 to 499 (approved share incentive plans),
- (d) section 518 (approved SAYE option schemes: no charge in respect of receipt of option),
- (e) section 519 (approved SAYE option schemes: no charge in respect of exercise of option),
- (f) section 523 (approved CSOP schemes: no charge in respect of receipt of option),
- (g) section 524 (approved CSOP schemes: no charge in respect of exercise of option),
- (h) section 528 (enterprise management incentives: no charge on receipt of qualifying option),
- (i) section 542 (priority share allocations: exemption where offer made to public and employees), and
- (j) section 544 (priority share allocations: exemption where different offers made to public and employees).

228 Effect of exemptions on liability under provisions outside Part 2

- (1) The exemptions conferred by the provisions specified in subsection (2) prevent liability to income tax arising under any enactment, but the other exemptions in this Part only affect liability to income tax under Part 2 of this Act.
- (2) The provisions referred to in subsection (1) are—
 - (a) section 245 (travelling and subsistence during public transport strikes),
 - (b) section 248 (transport home: late night working and failure of car-sharing arrangements),
 - (c) section 264 (annual parties and functions),
 - (d) Chapter 8 of this Part (exemptions for special kinds of employees) except for sections 290 and 291,
 - (e) section 323 (long service awards),
 - (f) section 324 (small gifts from third parties), and
 - (g) section 326 (expenses incidental to transfer of a kind not normally met by transferor).