



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 7

EXEMPTIONS: REMOVAL BENEFITS AND EXPENSES

Benefits and expenses within this Chapter

277 Acquisition benefits and expenses

- (1) This section applies if an interest in the employee's new residence is acquired by—
 - (a) the employee,
 - (b) one or more members of the employee's family or household, or
 - (c) the employee and one or more members of the employee's family or household.
- (2) The following benefits are within this section—
 - (a) legal services connected with the acquisition of the interest, including legal services connected with any loan raised by the employee to acquire it,
 - (b) the waiving of any procurement fees connected with any such loan,
 - (c) the waiving of any amount payable in respect of insurance effected to cover risks incurred by the maker of any such loan because the loan equals the whole, or a substantial part, of the value of the interest,
 - (d) any survey or inspection of the residence undertaken in connection with the acquisition, and

Status: This is the original version (as it was originally enacted).

- (e) the connection of any utility serving the new residence for use by the employee or by the employee and one or more members of the employee's family or household.
- (3) The following expenses are within this section—
- (a) sums paid for any services within subsection (2)(a), (d) or (e),
 - (b) any procurement fees connected with any loan raised by the employee to acquire the interest,
 - (c) the costs of any insurance within subsection (2)(c),
 - (d) fees payable to an appropriate registry or appropriate register in connection with the acquisition, and
 - (e) stamp duty charged on the acquisition.
- (4) In this section references to a loan raised by the employee include a loan raised by—
- (a) one or more members of the employee's family or household, or
 - (b) the employee and one or more members of the employee's family or household.
- (5) In this section—
- “appropriate registry” means—
 - (a) Her Majesty's Land Registry,
 - (b) the Land Registry in Northern Ireland, or
 - (c) the Registry of Deeds for Northern Ireland, and
 - “appropriate register” means any register under the management and control of the Keeper of the Registers of Scotland.

278 Abortive acquisition benefits and expenses

Benefits or expenses are within this section if—

- (a) they are benefits provided or expenses incurred with a view to the acquisition of an interest in a residence,
- (b) the interest is not acquired—
 - (i) because of circumstances outside the control of the person seeking to acquire it, or
 - (ii) because that person reasonably declines to proceed, and
- (c) the benefits or expenses would have fallen within section 277 if the interest had been acquired.

279 Disposal benefits and expenses

- (1) This section applies if the employee has an interest in the former residence and because of the change of residence it is disposed of or is intended to be disposed of.
- (2) The following benefits are within this section—
- (a) legal services connected with the disposal or intended disposal, including legal services connected with the redemption of a related loan,
 - (b) the waiving of any penalty for redeeming a related loan for the purpose of the disposal or intended disposal,
 - (c) the services of an estate agent or auctioneer engaged in the disposal or intended disposal,

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

- (d) services connected with the advertisement of the disposal or intended disposal,
 - (e) the disconnection, for the purpose of the disposal or intended disposal, of any utility serving the former residence, and
 - (f) services connected with maintaining, insuring, or preserving the security of, the former residence at any time when it is unoccupied pending the disposal or intended disposal.
- (3) The following expenses are within this section—
- (a) sums paid for any services within subsection (2)(a), (c), (d) or (e),
 - (b) any penalty for redeeming a related loan for the purpose of the disposal or intended disposal,
 - (c) rent paid in respect of the former residence at any time when it is unoccupied pending the disposal or intended disposal, and
 - (d) expenses of maintaining, insuring, or preserving the security of the former residence at any time when it is unoccupied pending the disposal or intended disposal.
- (4) In this section references to the employee having an interest in a residence include—
- (a) one or more members of the employee’s family or household having such an interest, or
 - (b) the employee and one or more members of the employee’s family or household having such an interest.
- (5) A loan is a “related loan” for this purpose if—
- (a) it was raised to obtain an interest in the former residence, or
 - (b) it is secured on such an interest, or
 - (c) part of it was so raised and the rest of it is so secured.

280 Transporting belongings

- (1) The following benefits are within this section—
- (a) the transportation of domestic belongings from the employee’s former residence to the employee’s new residence, and
 - (b) the effecting of insurance to cover such transportation.
- (2) The following expenses are within this section—
- (a) expenses connected with such transportation, and
 - (b) the costs of any such insurance.
- (3) In this section—
- “domestic belongings” means belongings of the employee or of members of the employee’s family or household, and
 - “transportation” includes—
- (a) packing and unpacking belongings,
 - (b) temporarily storing them, where there is not a direct move from the former to the new residence,
 - (c) detaching domestic fittings from the former residence, where they are to be taken to the new residence, and
 - (d) attaching domestic fittings to the new residence and adapting them, where they are brought from the former residence.

281 Travelling and subsistence

- (1) The following benefits are within this section—
- (a) subsistence and facilities for travel provided for the employee and members of the employee’s family or household for temporary visits to the new area for purposes connected with the change of residence,
 - (b) any other subsistence provided for the employee,
 - (c) facilities provided for the employee for travel between the employee’s former residence and—
 - (i) the place where the employee’s new duties are normally performed, or
 - (ii) the new place where the duties of the employee’s employment are normally performed, or
 - (iii) temporary living accommodation of the employee,
 - (d) where the employment change is within section 273(2)(b) or (c) (change of duties or place of performance), facilities provided for the employee for travel before the change between the employee’s new residence and—
 - (i) the place where the employee normally performs the duties of the employment before the change, or
 - (ii) temporary living accommodation of the employee,
 - (e) facilities provided for the employee and members of the employee’s family or household for travel from the employee’s former residence to the employee’s new residence in connection with the change of residence,
 - (f) subsistence provided for a relevant child while the child stays in education-linked living accommodation,
 - (g) facilities provided for a relevant child for travel between education-linked living accommodation and the employee’s accommodation.
- (2) For the purposes of this section, “education-linked living accommodation”, in relation to a relevant child, means living accommodation where the child stays for the purpose of securing continuity in education, being—
- (a) accommodation in the new area where the child stays before the employee’s change of residence,
 - (b) accommodation in the former area where the child stays after that change,
 - (c) accommodation in the new area where the child stays while the employee is living in temporary living accommodation in the former area, or
 - (d) accommodation in the former area where the child stays while the employee is living in temporary living accommodation in the new area.
- (3) For the purposes of subsection (1)(g) “the employee’s accommodation”, in relation to travel to or from education-linked accommodation, means—
- (a) if that accommodation is within subsection (2)(a), the employee’s former residence,
 - (b) if that accommodation is within subsection (2)(b), the employee’s new residence, and
 - (c) if that accommodation is within subsection (2)(c) or (d), the employee’s temporary accommodation.
- (4) The cost of providing subsistence or travel of a kind described in subsection (1) is an expense within this section.

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

- (5) Subsections (1) and (4) are subject to section 282 (exclusion from this section of benefits and expenses where deduction allowed), and subsection (1) is also subject to section 283 (exclusion from this section of taxable car and van facilities).
- (6) In this section—
- “new duties” means—
 - (a) if the employment change is within section 273(2)(a) (change of employer), the duties of the employee’s new employment, and
 - (b) if the employment change is within section 273(2)(b) (change of duties), the new duties of the employment,
 - “former area” means the area round or near the former residence of the employee,
 - “new area” means—
 - (a) if the employment change is within section 273(2)(a) or (b) (change of employer or duties), the area round or near the place where the employee’s new duties normally are or are to be performed, and
 - (b) if the employment change is within section 273(2)(c) (change of place of performance), the area round or near the new place where the duties of the employee’s employment normally are or are to be performed,
 - “relevant child” means a person who is a member of the employee’s family or household and is aged under 19 at the beginning of the tax year in which the employment change occurs, and
 - “subsistence” means food, drink and temporary living accommodation.

282 Exclusion from section 281 of benefits and expenses where deduction allowed

- (1) Benefits and expenses are excluded from section 281 (travelling and subsistence) if or to the extent that an amount is deductible in respect of the cost of the benefits or of the expenses under any of the following provisions.
- (2) They are—
- (a) section 341 (travel at start or finish of overseas employment),
 - (b) section 342 (travel between employments where duties performed abroad), and
 - (c) Chapter 5 of Part 5 except section 376 (deductions for earnings representing benefits or reimbursed expenses in respect of certain foreign travel).
- (3) If an amount is so deductible in respect of part only of the cost of a benefit, the part of the benefit excluded by this section is to be determined on a just and reasonable basis.

283 Exclusion from section 281 of taxable car and van facilities

- (1) A car or van is not treated as a facility for the purposes of section 281(1) if in the tax year in which it is provided it is also made available—
- (a) to the employee or members of the employee’s family or household for private use not falling within section 281(1),
 - (b) by reason of the employee’s employment, and
 - (c) without any transfer of the property in it.
- (2) The following sections apply for the purposes of this section as they apply for the purposes of Chapter 6 of Part 3 (taxable benefits: cars, vans and related benefits)—

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

- (a) section 115 (meaning of “car” and “van”),
- (b) section 117 (meaning of car or van made available by reason of employment), and
- (c) section 118 (availability for private use).

284 Bridging loan expenses

- (1) Expenses are within this section if—
- (a) the employee has an interest in the former residence and disposes of it because of the change of residence,
 - (b) the employee acquires an interest in the new residence, and
 - (c) the expenses are interest payable by the employee in respect of a loan raised by the employee wholly or partly because expenditure is incurred in connection with that acquisition before the proceeds of that disposal become available.

This is subject to subsections (2) and (3).

- (2) Interest is only within this section if or to the extent that the loan is used—
- (a) for acquiring the employee’s interest in the new residence, or
 - (b) for redeeming a loan—
 - (i) which was raised by the employee to obtain an interest in the former residence,
 - (ii) which is secured on such an interest, or
 - (iii) which was partly so raised and the rest of which is so secured.
- (3) If the loan exceeds the market value of the employee’s interest in the former residence at the time of acquisition of the new residence, the interest on the excess is not within this section.
- (4) If subsection (3) applies in a case where the loan is used partly for purposes within subsection (2) and partly for other purposes, the amount of the interest within this section is the appropriate fraction of the total interest.

- (5) The appropriate fraction is—

$$\frac{MV}{L}$$

or, if it is smaller—

$$\frac{PL}{L}$$

where—

MV is the market value of the employee’s interest in the former residence at the time of acquisition of the new residence,
 PL is the part of the loan used for purposes within subsection (2), and
 L is the amount of the loan.

- (6) In this section—
- (a) references to a loan raised by the employee include a loan raised by—
 - (i) one or more members of the employee’s family or household, or

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

- (ii) the employee and one or more members of the employee's family or household, and
- (b) references to the employee having, disposing of or acquiring an interest in a residence include—
 - (i) one or more members of the employee's family or household having, disposing of or acquiring such an interest, or
 - (ii) the employee and one or more members of the employee's family or household having, disposing of or acquiring such an interest.

285 Replacement of domestic goods

- (1) Benefits and expenses are within this section if—
 - (a) the employee has an interest in the former residence and disposes of it because of the change of residence,
 - (b) the employee acquires an interest in the new residence,
 - (c) in the case of benefits, they are domestic goods provided to replace goods used at the former residence which are unsuitable for use at the new residence, and
 - (d) in the case of expenses, they are incurred on the purchase of domestic goods intended for such replacement.
- (2) In this section references to the employee having, disposing of or acquiring an interest in a residence include—
 - (a) one or more members of the employee's family or household having, disposing of or acquiring such an interest, or
 - (b) the employee and one or more members of the employee's family or household having, disposing of or acquiring such an interest.

286 Power to amend sections 279 to 285

- (1) The Treasury may by regulations amend sections 279 to 285 so as to secure that benefits or expenses which would not otherwise fall within any of those sections do so.
- (2) The regulations may include such supplementary, incidental or consequential provisions as appear to the Treasury to be necessary or expedient.
- (3) Those provisions may be made by amending this Chapter or otherwise.
- (4) The regulations apply to a change of an employee's residence resulting from an employment change occurring on or after the day specified in the regulations for this purpose.