



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### [<sup>F1</sup>PART 7A

EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

### CHAPTER 1

APPLICATION ETC

*[<sup>F1</sup>Interpretation*

#### Textual Amendments

**F1** Pt. 7A inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 1](#)

#### **554Z Interpretation: general**

- (1) This section applies for the purposes of this Part.
- (2) “A” and “B” are defined in section 554A(1)(a) [<sup>F2</sup>or, as the case may be, section 554AA(1)].
- (3) “Arrangement” includes any agreement, scheme, settlement, transaction, trust or understanding (whether or not it is legally enforceable).
- (4) “Market value” has the same meaning as it has for the purposes of TCGA 1992 by virtue of Part 8 of that Act.

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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: Interpretation. (See end of Document for details)*

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- (5) Section 170(2) to (11) of TCGA 1992 applies for the purpose of determining whether a company is a member of a group of companies.
- (6) And for that purpose, section 170(2) to (11) is to be read as if for “75 per cent” (wherever occurring) there were substituted “51 per cent” (with section 1154(2) of CTA 2010 applying accordingly).
- (7) References to the payment of a sum of money include (in particular) references to the payment of a sum of money by way of a loan.
- (8) “Pension scheme” has the same meaning as in Part 4 of FA 2004 (see section 150(1) of that Act).
- (9) “Relevant step” is defined in section 554A(2) [<sup>F3</sup>, but see also Schedule 11 to F(No. 2)A 2017].
- (10) References to a relevant step which involves a sum of money are references to—
  - (a) a step within section 554B where the subject of the relevant step is a sum of money,
  - (b) a step within section 554C(1)(a) [<sup>F4</sup>to (ab)] , <sup>F5</sup>...
  - (c) a step within section 554C(1)(d) where the subject of the relevant step is a sum of money [<sup>F6</sup>, or
  - (d) a step within paragraph 1 [<sup>F7</sup>or 1A] of Schedule 11 to F(No. 2)A 2017.]
- (11) References to the asset which is the subject of a relevant step are, in the case of a step within section 554C(1)(e), references to the lease granted.
- (12) For this purpose, the lease granted is to be treated as including any extensions of the lease, or any later lease, which by virtue of section 554C(7) or (8) is taken into account in determining the likely effective duration of the lease for the purposes of section 554C(1)(e).
- (13) “Tax avoidance arrangement” means an arrangement which has a tax avoidance purpose.
- (14) For the purposes of subsection (13) an arrangement has a tax avoidance purpose if subsection (15) applies to a person who is a party to the arrangement.
- (15) This subsection applies to a person if the main purpose, or one of the main purposes, of the person in entering into the arrangement is the avoidance of tax or national insurance contributions.
- (16) The following paragraphs apply for the purpose of determining whether any relevant step or any other step is connected with a tax avoidance arrangement—
  - (a) the step is connected with a tax avoidance arrangement if (for example) the step is taken (wholly or partly) in pursuance of—
    - (i) the tax avoidance arrangement, or
    - (ii) an arrangement at one end of a series of arrangements with the tax avoidance arrangement being at the other end, and
  - (b) it does not matter if the person taking the step is unaware of the tax avoidance arrangement.

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#### Textual Amendments

- F2** Words in s. 554Z(2) inserted (with effect in accordance with Sch. 1 para. 14 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 1 para. 5\(4\)](#)
- F3** Words in s. 554Z(9) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 46\(4\)](#)
- F4** Words in s. 554Z(10)(b) inserted (with effect in accordance with Sch. 6 para. 13 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 6 para. 6](#)
- F5** Word in s. 554Z(10)(b) omitted (16.11.2017) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 46\(5\)](#)
- F6** S. 554Z(10)(d) and word inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 46\(5\)](#)
- F7** Words in s. 554Z(10)(d) inserted (22.7.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 2 para. 25](#)

#### Modifications etc. (not altering text)

- C1** Pt. 7A modified (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 35\(6\)](#)
- C2** Pt. 7A modified (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 1\(8\)](#)
- C3** S. 554Z(16) applied (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 44\(2\)](#)

### 554Z1 Interpretation: persons linked with A

- (1) In this Part references to any person linked with A are references to—
- any person who is or has been connected with A,
  - a close company in which A or a person within any other paragraph of this subsection is or has been a participator,
  - a company in which A or a person within any other paragraph of this subsection is or has been a participator and which would be a close company if it were a UK resident company, or
  - a company which is a 51% subsidiary of a company within paragraph (b) or (c).

[<sup>F8</sup>(2) In applying section 993 of ITA 2007 for the purposes of subsection (1), two people living together as if they were a married couple or civil partners are treated as if they were spouses or civil partners of each other.]

- (3) In subsection (1) “participator”—
- in relation to a close company, means a person who is a participator in relation to the company for the purposes of section 455 of CTA 2010 (see sections 454 and 455(5) of that Act), and
  - in relation to a company which would be a close company if it were a UK resident company, means a person who would be such a participator if the company were a close company.]

#### Textual Amendments

- F8** S. 554Z1(2) substituted (2.12.2019) by [The Civil Partnership \(Opposite-sex Couples\) Regulations 2019 \(S.I. 2019/1458\)](#), reg. 1(2), [Sch. 3 para. 25\(4\)](#)

#### Modifications etc. (not altering text)

- C4** S. 554Z1 applied (with modifications) (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 36\(3\)](#)

**Changes to legislation:**

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