



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

### CHAPTER 7

TAXABLE BENEFITS: LOANS

#### *Introduction*

#### **174 Employment-related loans**

- (1) For the purposes of this Chapter an employment-related loan is a loan—
  - (a) made to an employee or a relative of an employee, and
  - (b) of a class described in subsection (2).
- (2) For the purposes of this Chapter the classes of employment-related loan are—
  - A*  
A loan made by the employee's employer.
  - B*  
A loan made by a company or partnership over which the employee's employer had control.
  - C*  
A loan made by a company or partnership by which the employer (being a company or partnership) was controlled.
  - D*

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*Status: This is the original version (as it was originally enacted).*

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A loan made by a company or partnership which was controlled by a person by whom the employer (being a company or partnership) was controlled.

*E*

A loan made by a person having a material interest in—

- (a) a close company which was the employer, had control over the employer or was controlled by the employer, or
- (b) a company or partnership controlling that close company.

(3) In this section—

- “employee” includes a prospective employee, and
- “employer” includes a prospective employer.

(4) References in this section to a loan being made by a person extend to a person who—

- (a) assumes the rights and liabilities of the person who originally made the loan, or
- (b) arranges, guarantees or in any way facilitates the continuation of a loan already in existence.

(5) A loan is not an employment-related loan if—

- (a) it is made by an individual in the normal course of the individual’s domestic, family or personal relationships, or
- (b) it is made to a relative of the employee and the employee derives no benefit from it.

(6) For the purposes of this section a person (“X”) is a relative of another (“Y”) if X is—

- (a) Y’s spouse,
- (b) a parent, child or remoter relation in the direct line either of Y or of Y’s spouse,
- (c) a brother or sister of Y or of Y’s spouse, or
- (d) the spouse of a person falling within paragraph (b) or (c).