



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

Loan released or written off

189 Exception where double charge

- (1) Section 188 (loan released or written off: amount treated as earnings) does not apply if, by virtue of any other provision of the Income Tax Acts, the amount released or written off—
- (a) is employment income of the employee, or
 - (b) is or is treated as income of the employee (or of the employee as a borrower) which is not employment income and upon which that person is liable to pay income tax.

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

- (2) If, as a result of subsection (1), Chapter 3 of Part 6 (payments and benefits on termination of employment etc.) would be the only provision by virtue of which the amount released or written off would be income of the employee—
- (a) section 188 does apply, and
 - (b) accordingly Chapter 3 of Part 6 does not apply.

- (3) If—

Changes to legislation: *There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 189. (See end of Document for details)*

- (a) an amount is treated as the employee's income under [F1 section 633 of ITTOIA 2005 (capital sums paid to settlor by trustees of settlement)] in respect of a capital sum paid in relation to the release or writing-off of the loan, and
- (b) the amount released or written off exceeds the amount so treated as income, section 188 does apply but only the amount of the excess is to be treated as earnings from the employment for the tax year in question under that section.

Textual Amendments

- F1** Words in s. 189(3)(a) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 589](#) (with [Sch. 2](#))

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