



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

[^{F1}CHAPTER 7A

EXEMPTIONS: AMOUNTS WHICH WOULD OTHERWISE BE DEDUCTIBLE

[^{F1}289A Exemption for paid or reimbursed expenses

- (1) No liability to income tax arises by virtue of Chapter 3 of Part 3 (taxable benefits: expenses payments) in respect of an amount (“amount A”) paid or reimbursed by a person to an employee (whether or not an employee of the person) in respect of expenses if—
 - (a) an amount equal to or exceeding amount A would (ignoring this section) be allowed as a deduction from the employee's earnings under Chapter 2 or 5 of Part 5 in respect of the expenses, and
 - (b) the payment or reimbursement is not provided pursuant to relevant salary sacrifice arrangements.
- (2) No liability to income tax arises in respect of an amount paid or reimbursed by a person (“the payer”) to an employee (whether or not an employee of the payer) in respect of expenses if—
 - (a) the amount has been calculated and paid or reimbursed in an approved way (see subsection (6)),
 - (b) the payment or reimbursement is not provided pursuant to relevant salary sacrifice arrangements, and
 - (c) conditions A and B are met.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 289A. (See end of Document for details)

[No liability to income tax arises in respect of an amount paid or reimbursed by a person^{F2}(2A) (“the payer”) to an employee (whether or not an employee of the payer) for expenses in the course of qualifying travel if—

- (a) the amount has been calculated and paid or reimbursed in accordance with regulations made by the Commissioners for Her Majesty's Revenue and Customs,
- (b) the payment or reimbursement is not provided pursuant to relevant salary sacrifice arrangements, and
- (c) condition C is met.]

(3) Condition A is that the payer or another person operates a system for checking—

- (a) that the employee is, or employees are, in fact incurring and paying amounts in respect of expenses of the same kind, and
- (b) that a deduction would (ignoring this section) be allowed under Chapter 2 or 5 of Part 5 in respect of those amounts.

(4) Condition B is that neither the payer nor any other person operating the system knows or suspects, or could reasonably be expected to know or suspect—

- (a) that the employee has not incurred and paid an amount in respect of the expenses, or
- (b) that a deduction from the employee's earnings would not be allowed under Chapter 2 or 5 of Part 5 in respect of the amount.

[Condition C is that—

^{F3}(4A) (a) the payer or another person operates a system for checking that the employee has undertaken the qualifying travel in relation to which the amount is paid or reimbursed, and

(b) neither the payer nor any other person operating the system knows or suspects, or could reasonably be expected to know or suspect, that the travel was not undertaken.]

(5) [^{F4}In this section “relevant ”], in relation to an employee to whom an amount is paid or reimbursed [^{F5}for or] in respect of expenses, means arrangements (whenever made, whether before or after the employment began) under which—

- (a) the employee gives up the right to receive an amount of general earnings or specific employment income in return for the payment or reimbursement, or
- (b) the amount of other general earnings or specific employment income received by the employee depends on the amount of the payment or reimbursement.

[In this section “qualifying travel” means travel for which a deduction from the^{F6}(5A) employee's earnings would be allowed under Chapter 2 or 5 of Part 5.]

(6) For the purposes of [^{F7}subsection (2)] , a sum is calculated and paid or reimbursed in an approved way if—

- (a) it is calculated and paid or reimbursed in accordance with regulations made by the Commissioners for Her Majesty's Revenue and Customs, or
- (b) it is calculated and paid or reimbursed in accordance with an approval given under section 289B.

(7) Regulations made under subsection [^{F8}(2A)(a) or] (6)(a) may make different provision for different purposes.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 289A. (See end of Document for details)

[Regulations made under subsection (2A)(a) may contain provision about calculating^{F9}(8) amounts that is framed by reference to rates (for expenses) published from time to time by the Commissioners for Her Majesty's Revenue and Customs.]]

Textual Amendments

- F1** Pt. 4 Ch. 7A inserted (with effect in accordance with s. 11(2) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), **s. 11(1)**
- F2** S. 289A(2A) inserted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(2)**
- F3** S. 289A(4A) inserted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(3)**
- F4** Words in s. 289A(5) substituted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(4)(a)**
- F5** Words in s. 289A(5) inserted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(4)(b)**
- F6** S. 289A(5A) inserted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(5)**
- F7** Words in s. 289A(6) substituted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(6)**
- F8** Words in s. 289A(7) inserted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(7)**
- F9** S. 289A(8) inserted (with effect in accordance with s. 10(9) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 10(8)**

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 289A.