



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 5

EMPLOYMENT INCOME: DEDUCTIONS ALLOWED FROM EARNINGS

CHAPTER 2

DEDUCTIONS FOR EMPLOYEE'S EXPENSES

Employee liabilities and indemnity insurance

346 Deduction for employee liabilities

- (1) A deduction from earnings from an employment is allowed for any or all of the following—
1. Payment in or towards the discharge of a liability related to the employment.
 2. Payment of any costs or expenses incurred in connection with—
 - (a) a claim that the employee is subject to a liability related to the employment, or
 - (b) proceedings relating to or arising out of a claim that the employee is subject to a liability related to the employment.
 3. Payment of a premium under a qualifying insurance contract, but only to the extent that the premium relates to—
 - (a) provision in the contract for the employee to be indemnified against a payment falling within paragraph A, or
 - (b) provision in the contract for the payment of any costs or expenses falling within paragraph B.

Status: This is the original version (as it was originally enacted).

- (2) But a deduction is not allowed for a payment which falls within paragraph A or B if it would be unlawful for the employer to enter into a contract of insurance in respect of the liability, or costs or expenses, in question.
- (3) In this Chapter—
 - (a) “premium”, in relation to a qualifying insurance contract, means an amount payable to the insurer under the contract, and
 - (b) where a qualifying insurance contract relates to more than one person, employment or risk, the part of the premium to be treated as relating to each of them is to be determined by apportionment on a just and reasonable basis.