



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 6

EMPLOYMENT INCOME: INCOME WHICH IS NOT EARNINGS OR SHARE-RELATED

CHAPTER 2

BENEFITS FROM ^[F1]EMPLOYER-FINANCED RETIREMENT BENEFITS]

Benefits treated as employment income

394 Charge on benefit to which this Chapter applies

(1) If a benefit to which this Chapter applies is received by an individual, the amount of the benefit counts as employment income of the individual for the relevant tax year.

^[F1](1A) Subsection (1) does not apply in relation to the benefit if the total amount of the benefits to which this Chapter applies received by the individual in the relevant tax year does not exceed £100.]

(2) If a benefit to which this Chapter applies is received by a person who is not an individual, the ^[F2]person who is (or persons who are) the responsible person in relation to] the scheme under which the benefit is provided is chargeable ^[F3]to income tax] on the amount of the benefit for the relevant tax year.

(3) In ^[F4]this section] the “relevant tax year” is the tax year in which the benefit is received.

(4) For the purposes of subsection (2), the rate of tax is ^[F5]45%] or such other rate as may for the time being be specified by the Treasury by order.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 394. (See end of Document for details)

- [^{F6}(4A) Subsection (4B) applies if the receipt of a benefit to which this Chapter applies gives rise to other relevant income of the employee, or the former employee, to or in respect of whom the benefit is provided.
- (4B) Subsection (1) or (2) (as the case may be) applies to the amount of the benefit only so far as that amount exceeds the other relevant income.
- (4C) In subsections (4A) and (4B) “other relevant income” means—
- (a) general earnings of the employee or former employee which are chargeable to income tax,
 - (b) an amount which counts as employment income of the employee or former employee under Chapter 2 of Part 7A, ^{F7}...
- [^{F8}(ba) an amount which would count as employment income of the employee or former employee under that Chapter but for the application of section 554Z5 (overlap with earlier relevant step), or]
- [^{F9}(c) an amount which would be within paragraph (a), (b) or (ba) apart from—
- (i) the employee or former employee having been non-UK resident for any tax year, or
 - (ii) any tax year having been a split year as respects the employee or former employee.]]

(5) No liability to income tax arises by virtue of any other provision of this Act in respect of a benefit to which this Chapter applies.

[^{F10}(6) Subsection (5) does not affect—

 - (a) any liability to income tax on general earnings, or
 - (b) any liability to income tax on an amount which counts as employment income under Chapter 2 of Part 7A.]

Textual Amendments

- F1** S. 394(1A) inserted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **ss. 249(5)**, 284(1) (with [Sch. 36](#))
- F2** Words in s. 394(2) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **ss. 249(6)**, 284(1) (with [Sch. 36](#))
- F3** Words in s. 394(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 1 para. 595** (with [Sch. 2](#))
- F4** Words in s. 394(3) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **ss. 249(7)**, 284(1) (with [Sch. 36](#))
- F5** Word in s. 394(4) substituted (with effect in accordance with s. 1(6) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **s. 1(4)**
- F6** S. 394(4A)-(4C) inserted (with effect in accordance with [Sch. 2](#) paras. 52-59, 60 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 2 para. 14(2)**
- F7** Word in s. 394(4C)(b) omitted (with effect in accordance with [Sch. 45](#) para. 153(2) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 45 para. 65(2)**
- F8** S. 394(4C)(ba) inserted (with effect in accordance with [Sch. 45](#) para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 45 para. 65(2)**
- F9** S. 394(4C)(c) substituted (with effect in accordance with [Sch. 45](#) para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 45 para. 65(3)**
- F10** S. 394(6) inserted (with effect in accordance with [Sch. 2](#) paras. 52-59, 60 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 2 para. 14(3)**

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 394. (See end of Document for details)

Modifications etc. (not altering text)

- C1** S. 394 restricted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), Sch. 36 paras. 54(2)(3)(a), **55(2)** (with s. 283(5), Sch. 36)

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 394.