



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 2

EMPLOYMENT INCOME: CHARGE TO TAX

[^{F1}CHAPTER 9

MANAGED SERVICE COMPANIES

The deemed employment payment

[^{F1}61D Worker treated as receiving earnings from employment

- (1) This section applies if—
 - (a) the services of an individual (“the worker”) are provided (directly or indirectly) by a managed service company (“the MSC”),
 - (b) the worker, or an associate of the worker, receives (from any person) a payment or benefit which can reasonably be taken to be in respect of the services, and
 - (c) the payment or benefit is not earnings (within Chapter 1 of Part 3) received by the worker directly from the MSC.
- (2) The MSC is treated as making to the worker, and the worker is treated as receiving, a payment which is to be treated as earnings from an employment (“the deemed employment payment”).
- (3) The deemed employment payment is treated as made at the time the payment or benefit mentioned in subsection (1)(b) is received.
- (4) In this Chapter—

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 61D. (See end of Document for details)

“the worker” has the meaning given by subsection (1),
 “the relevant services” means the services mentioned in that subsection,
 and
 “the client” means the person to whom the relevant services are provided.

[^{F2}(4A) This section does not apply where the provision of the relevant services gives rise (directly or indirectly) to an engagement to which Chapter 10 applies and either—

- (a) the client for the purposes of section 61M(1) is a public authority, or
- (b) the client for the purposes of section 61M(1)—
 - (i) qualifies as medium or large for the tax year in which the payment or benefit mentioned in subsection (1)(b) is received, and
 - (ii) has a UK connection for the tax year in which the payment or benefit mentioned in subsection (1)(b) is received.

(4B) Sections 60I (when a person has a UK connection for a tax year), 61K(3) (when a person qualifies as medium or large for a tax year) and 61L (meaning of public authority) apply for the purposes of subsection (4A).

(4C) It does not matter for the purposes of subsection (4A) whether the client for the purposes of this Chapter is also “the client” for the purposes of section 61M(1).]

(5) Section 61F supplements this section.]

Textual Amendments

- F1** Pt. 2 Ch. 9 inserted (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), s. 25(2), [Sch. 3 para. 4](#)
- F2** [S. 61D\(4A\)-\(4C\)](#) substituted for [s. 61D\(4A\)](#) (with effect in accordance with Sch. 1 para. 26 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 1 para. 18](#) (with [Sch. 1 paras. 30-34](#))

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 61D.