



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 2

EMPLOYMENT INCOME: CHARGE TO TAX

[^{F1}CHAPTER 10

[^{F1}WORKERS' SERVICES PROVIDED THROUGH INTERMEDIARIES TO PUBLIC AUTHORITIES OR MEDIUM OR LARGE CLIENTS]

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

- (1) If one of Conditions A to C is met, identify the chain of two or more persons where—
- the highest person in the chain is the client,
 - the lowest person in the chain is the intermediary, and
 - each person in the chain above the lowest makes a chain payment to the person immediately below them in the chain.

(See section 61U for cases where one of Conditions A to C is treated as being met.)

- (2) In this section and sections 61O to 61S—

“chain payment” means a payment, or money's worth or any other benefit, that can reasonably be taken to be for the worker's services to the client,

“make”—

- in relation to a chain payment that is money's worth, means transfer, and
- in relation to a chain payment that is a benefit other than a payment or money's worth, means provide, and

“the fee-payer” means the person in the chain immediately above the lowest.

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- (3) The fee-payer 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 direct payment”), but this is subject to subsections (5) to (7) [^{F2}and (8A)] and sections 61T [^{F3}, 61TA][^{F4}, 61V and 61WA].
- (4) The deemed direct payment is treated as made at the same time as the chain payment made by the fee-payer.
- ^{F5}(5) Unless and until the client gives a status determination statement to the worker (see section 61NA), subsections (3) and (4) have effect as if for any reference to the fee-payer there were substituted a reference to the client; but this is subject to [^{F6}sections 61V and 61WA].
- (5A) Subsections (6) and (7) apply, subject to sections 61T, 61TA [^{F7}, 61V and 61WA], if—
- the client has given a status determination statement to the worker,
 - the client is not the fee-payer, and
 - the fee-payer is not a qualifying person.]
- (6) If there is no person in the chain below the highest and above the lowest who is a qualifying person, subsections (3) and (4) have effect as if for any reference to the fee-payer there were substituted a reference to the client.
- (7) Otherwise, subsections (3) and (4) have effect as if for any reference to the fee-payer there were substituted a reference to the person in the chain who—
- is above the lowest,
 - is a qualifying person, and
 - is lower in the chain than any other person in the chain who—
 - is above the lowest, and
 - is a qualifying person.
- (8) In subsections (5) to (7) a “qualifying person” is a person who—
- [has been given by the person immediately above them in the chain the status
- ^{F8}(za) determination statement given by the client to the worker,]
- is resident in the United Kingdom or has a place of business in the United Kingdom,
 - is not a person who is controlled by—
 - the worker, alone or with one or more associates of the worker, or
 - an associate of the worker, with or without other associates of the worker, and
 - if a company, is not one in which—
 - the worker, alone or with one or more associates of the worker, or
 - an associate of the worker, with or without other associates of the worker,
 has a material interest (within the meaning given by section 51(4) and (5)).
- ^{F9}(8A) [If the client is not a public authority, a person is to be treated by subsection (3) as making a deemed direct payment to the worker only if the chain payment made by the person is made in a tax year for which the client qualifies as medium or large and has a UK connection.]
- (9) Condition A is that—
- the intermediary is a company, and

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(b) the conditions in section 61O are met in relation to the intermediary.

(10) Condition B is that—

- (a) the intermediary is a partnership,
- (b) the worker is a member of the partnership,
- (c) the provision of the services is by the worker as a member of the partnership, and
- (d) the condition in section 61P is met in relation to the intermediary.

(11) Condition C is that the intermediary is an individual.

(12) Where a payment, money's worth or any other benefit can reasonably be taken to be for both—

- (a) the worker's services to the client, and
- (b) anything else,

then, for the purposes of this Chapter, so much of it as can, on a just and reasonable apportionment, be taken to be for the worker's services is to be treated as (and the rest is to be treated as not being) a payment, or money's worth or another benefit, that can reasonably be taken to be for the worker's services.]

Textual Amendments

- F1** Pt. 2 Ch. 10 inserted (with effect in accordance with Sch. 1 para. 16 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 1 para. 9](#)
- F2** Words in s. 61N(3) inserted (with effect in accordance with Sch. 1 para. 25 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 1 para. 12\(2\)\(a\)](#) (with [Sch. 1 paras. 30-34](#))
- F3** Word in s. 61N(3) inserted (with effect in accordance with Sch. 1 para. 25 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 1 para. 12\(2\)\(b\)](#) (with [Sch. 1 paras. 30-34](#))
- F4** Words in s. 61N(3) substituted (with effect in accordance with s. 21(10) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [s. 21\(2\)\(a\)](#)
- F5** S. 61N(5)(5A) substituted for s. 61N(5) (with effect in accordance with Sch. 1 para. 25 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 1 para. 12\(3\)](#) (with [Sch. 1 paras. 30-34](#))
- F6** Words in s. 61N(5) substituted (with effect in accordance with s. 21(10) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [s. 21\(2\)\(b\)](#)
- F7** Words in s. 61N(5A) substituted (with effect in accordance with s. 21(10) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [s. 21\(2\)\(c\)](#)
- F8** S. 61N(8)(za) inserted (with effect in accordance with Sch. 1 para. 25 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 1 para. 12\(4\)](#) (with [Sch. 1 paras. 30-34](#))
- F9** S. 61N(8A) inserted (with effect in accordance with Sch. 1 para. 25 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 1 para. 12\(5\)](#) (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 61N.