
STATUTORY INSTRUMENTS

2018 No. 282

The Enactment of Extra-Statutory Concessions Order 2018

Compensation for financial loss of voluntary office-holders and volunteers: income tax

2.—(1) Chapter 8 of Part 4 of the Income Tax (Earnings and Pensions) Act 2003(1) (exemptions: special kinds of employees) is amended as follows.

(2) After section 299 (Crown employees' foreign service allowances) insert—

“Voluntary office-holders

299A Voluntary office-holders: compensation for lost employment income

(1) No liability to income tax arises in respect of a payment made by a relevant authority to a person if—

- (a) the person holds a voluntary office with the authority,
- (b) the person carries out duties of the office in a period in which he or she is also employed, and
- (c) the payment is made solely to compensate the person for lost employment income for the period (and accordingly does not exceed the amount of that income).

(2) For the purposes of subsection (1) a person holds a voluntary office if, at the time the payment referred to in that subsection is made, the person—

- (a) is not entitled to any payment or benefit in connection with carrying out the duties of the office,
- (b) has not received any such payment or benefit, and
- (c) does not expect to receive any such payment or benefit.

(3) For the purposes of subsection (2)(a), (b) and (c) disregard—

- (a) a payment in respect of reasonable expenses incurred in carrying out the duties of the office, and
- (b) a payment to which subsection (1) or section 16A of ITTOIA 2005 applies.

(4) In subsection (1)(c) “lost employment income” means the difference between—

- (a) the amount of employment income, after deduction of tax and national insurance contributions, that the person would have received from the employment for the period if he or she had not carried out the duties of the office, and
- (b) the amount of employment income, after deduction of tax and national insurance contributions, that the person did receive from the employment for the period.

(5) In subsection (1) “relevant authority” means any of the following—

Government

A government department

The Welsh Ministers and the Counsel General to the Welsh Government

The Scottish Ministers

The holder of an office in the Scottish Administration which, for the purposes of the Scotland Act 1998, is not a ministerial office (see section 126(8) of that Act)

A Northern Ireland department

Local government

A county, district or parish council in England

The council of a London borough

The Common Council of the City of London

The Greater London Authority

The Council of the Isles of Scilly

A county, county borough or community council in Wales

A council constituted under section 2 of the Local Government etc. (Scotland) Act 1994(2) or community council in Scotland

A district council in Northern Ireland

Trade unions

An organisation the name of which is entered in the list maintained by the Certification Officer under section 2 of the Trade Union and Labour Relations (Consolidation) Act 1992(3)

An organisation the name of which is entered in the list maintained by the Certification Officer for Northern Ireland under Article 5 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807 (N.I. 5))

Local medical committees

A Local Medical Committee (see section 97(4) of the National Health Service Act 2006(4))

Other public bodies

A body (other than a company) that is established by or under a statutory provision for the purpose of carrying out functions conferred on it by or under a statutory provision.

(6) In this section—

“company” means a company as defined by section 1 of the Companies Act 2006(5);

references to a relevant authority include a company the activities of which consist solely of carrying out some or all of the functions of that authority, otherwise than for profit;

“statutory provision” includes any provision made by or under an Act of Parliament, an Act of the Scottish Parliament, any Northern Ireland legislation, or any Act or Measure of the National Assembly for Wales.

(7) Section 16A of ITTOIA 2005 (voluntary office-holders: compensation for lost profits) contains equivalent provision for holders of a voluntary office who carry on a trade, profession or vocation.”

(2) 1994 c. 39.

(3) 1992 c. 52.

(4) 2006 c. 41. Section 97 was amended by paragraph 41 of Schedule 4 to the Health and Social Care Act 2012 (c. 7).

(5) 2006 c. 46.