



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

### CHAPTER 12

[<sup>F1</sup>OTHER AMOUNTS] TREATED AS EARNINGS

[<sup>F1</sup>Payments]

#### **225 Payments for restrictive undertakings**

- (1) This section applies where—
  - (a) an individual gives a restrictive undertaking in connection with the individual's current, future or past employment, and
  - (b) a payment is made in respect of—
    - (i) the giving of the undertaking, or
    - (ii) the total or partial fulfilment of the undertaking.
- (2) It does not matter to whom the payment is made.
- (3) The payment is to be treated as earnings from the employment for the tax year in which it is made.
- (4) Subsection (3) does not apply if the payment constitutes earnings from the employment by virtue of any other provision.
- (5) A payment made after the death of the individual who gave the undertaking is treated for the purposes of this section as having been made immediately before the death.

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**Changes to legislation:** *There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 225. (See end of Document for details)*

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[<sup>F1</sup>(6) This section applies only if—

- (a) section 15 applies to any general earnings from the employment, and would apply even if the individual made a claim under section 809B of ITA 2007 (claim for remittance basis) for the tax year mentioned in subsection (3), or
- (b) section 27 (UK-based earnings of non-UK resident employee) applies to any general earnings from the employment.]

(8) In this section “restrictive undertaking” means an undertaking which restricts the individual’s conduct or activities.

For this purpose it does not matter whether or not the undertaking is legally enforceable or is qualified.

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**Textual Amendments**

**F1** S. 225(6) substituted for s. 225(6)(7) (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 24](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 225.