



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### [<sup>F1</sup>PART 7A

EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

### CHAPTER 2

TREATMENT OF RELEVANT STEP FOR INCOME TAX PURPOSES

*Employment income*

#### [<sup>F1</sup>554Z2] Value of relevant step to count as employment income

- (1) If this Chapter applies by reason of a relevant step, the value of the relevant step (see section 554Z3) counts as employment income of A in respect of A's employment with B—
- if the relevant step is taken before A's employment with B starts, for the tax year in which the employment starts, or
  - otherwise, for the tax year in which the relevant step is taken.

[ But subsection (1) is subject to section 554Z2A (close companies).]  
<sup>F2</sup>(1AA)

[ Where the value of a relevant step would (apart from this subsection) count as  
<sup>F3</sup>(1A) employment income of more than one person—

- the value of the relevant step is to be apportioned between each of those persons on a just and reasonable basis, and
- subsection (1) applies as if the reference to the value of the relevant step in relation to A were a reference to so much of the value of the relevant step that is apportioned to A.]

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*Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 554Z2. (See end of Document for details)*

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- (2) If the relevant step gives rise to—
- (a) an amount which (apart from this subsection) would be treated as earnings of A under a provision of the benefits code, or
  - (b) any income of A which (apart from this subsection) would be dealt with under Chapter 3 of Part 4 of ITTOIA 2005,
- subsection (1) applies instead of that provision of the benefits code or Chapter 3 of Part 4 of ITTOIA 2005 (as the case may be).
- (3) In particular, in a case in which the relevant step is the making of an employment-related loan (within the meaning of Chapter 7 of Part 3), the effect of subsection (2) (a) is that the loan is not to be treated for any tax year as a taxable cheap loan for the purposes of that Chapter.

[ See paragraph 37 of Schedule 11 to F(No. 2)A 2017 for provision about the effect  
<sup>F4</sup>(4) of subsection (2)(a) in a case in which the relevant step is within paragraph 1 of that Schedule.]]

#### **Textual Amendments**

- F1** Pt. 7A inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 1](#)
- F2** [S. 554Z2\(1AA\)](#) inserted (with effect in accordance with Sch. 1 para. 14 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 1 para. 3\(1\)](#)
- F3** [S. 554Z2\(1A\)](#) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [s. 18\(2\)](#)
- F4** [S. 554Z2\(4\)](#) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 38](#)

#### **Modifications etc. (not altering text)**

- C1** Pt. 7A Ch. 2 excluded (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 29\(1\)](#)
- C2** Pt. 7A modified (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 35\(6\)](#)
- C3** Pt. 7A Ch. 2 excluded (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 27\(1\)](#)
- C4** Pt. 7A Ch. 2 excluded (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 35\(1\)](#)
- C5** Pt. 7A Ch. 2 excluded (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 25](#)
- C6** Pt. 7A modified (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 1\(8\)](#)
- C7** Pt. 7A Ch. 2 excluded (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 31](#)
- C8** [S. 554Z2\(2\)\(a\)](#) modified (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 11 para. 37\(2\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 554Z2.