***Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2004, Paragraph 1. (See end of Document for details)*

SCHEDULES

SCHEDULE 16

RELIEF WHERE NATIONAL INSURANCE CONTRIBUTIONS MET BY EMPLOYEE

Income tax relief: restricted securities

1 (1) Chapter 2 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (employment income: restricted securities) is amended as follows.

(2) In section 426 (charge on occurrence of chargeable event), for subsections (1) to (4) substitute—

"(1) If a chargeable event occurs in relation to the employment-related securities, the taxable amount counts as employment income of the employee for the relevant tax year.

(2) For this purpose—

(a) "chargeable event" has the meaning given by section 427,

(b) "the taxable amount"is the amount determined under section 428, and

(c) "the relevant tax year"is the tax year in which the chargeable event occurs.

(3) Relief may be available under section 428A (relief for secondary Class 1 contributions met by employee) against an amount counting as employment income under this section.".

(3) After section 428 insert—

"**428A Relief for secondary Class 1 contributions met by employee**

(1) Relief is available under this section against an amount counting as employment income under section 426 ("the employment income amount") if—

(a) an agreement having effect under paragraph 3A of Schedule 1 to the Contributions and Benefits Act has been entered into allowing the secondary contributor to recover from the employee the whole or part of any secondary Class 1 contribution in respect of that amount, or

(b) an election having effect under paragraph 3B of that Schedule is in force which has the effect of transferring to the employee the whole or part of the liability to pay secondary Class 1 contributions in respect of that amount.

(2) The amount of the relief is the total of—

(a) any amount that under the agreement referred to in subsection (1)(a) is recovered in respect of the employment income amount by the

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2004, Paragraph 1. (See end of Document for details)*

secondary contributor before 5th June in the tax year following that in which the chargeable event occurs, and

(b) the amount of any liability in respect of the employment income amount that, by virtue of the election referred to in subsection (1)(b), has become the employee's liability.

(3) If notice of withdrawal of approval of the election is given, the amount of the liability referred to in subsection (2)(b) is limited to the amount met before 5th June in the tax year following that in which the chargeable event occurs.

(4) Relief under this section is given by way of deduction from the amount otherwise counting as employment income.

(5) Relief under this section does not affect the amount to be taken into account—

(a) as employment income in determining contributions payable under the Contributions and Benefits Act, or

(b) as relevant employment income for the purposes of paragraph 3A or 3B of Schedule 1 to that Act.

(6) In this section—

"approval", in relation to an election, means approval by the Inland Revenue under paragraph 3B of Schedule 1 to the Contributions and Benefits Act, and

"secondary contributor" has the same meaning as in that Act (see section 7).".

Commencement Information

I1 Sch. 16 para. 1 in force at 1.9.2004 by S.I. 2004/1945, **art. 2**

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 2004, Paragraph 1.