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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2017, Part 3. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 1

#### WORKERS' SERVICES PROVIDED TO PUBLIC SECTOR THROUGH INTERMEDIARIES

#### PART 3

##### CONSEQUENTIAL AMENDMENTS

- 10 In section 7(5)(a) of ITEPA 2003 (amounts treated as earnings by Chapters 7 to 9 of Part 2 are “employment income” and “general earnings”), for “9” substitute “ 10 ”.
- 11 In section 49 of ITEPA 2003 (engagements to which Chapter 8 of Part 2 applies), after subsection (4) insert—
- “(4A) Holding office as statutory auditor of the client does not count as holding office under the client for the purposes of subsection (1)(c), and here “statutory auditor” means a statutory auditor within the meaning of Part 42 of the Companies Act 2006 (see section 1210 of that Act).”
- 12 In section 339A of ITEPA 2003 (travel for employment involving intermediaries), after subsection (6) insert—
- “(6A) Subsection (3) does not apply in relation to an engagement if—
- (a) sections 61N to 61R in Chapter 10 of Part 2 apply in relation to the engagement,
  - (b) one of Conditions A to C in section 61N is met in relation to the employment intermediary, and
  - (c) the employment intermediary is not a managed service company.
- (6B) This section does not apply in relation to an engagement if—
- (a) sections 61N to 61R in Chapter 10 of Part 2 do not apply in relation to the engagement because the circumstances in section 61M(1)(d) are not met,
  - (b) assuming those circumstances were met, one of Conditions A to C in section 61N would be met in relation to the employment intermediary, and
  - (c) the employment intermediary is not a managed service company.
- (6C) In determining for the purposes of subsection (6A) or (6B) whether one of Conditions A to C in section 61N is or would be met in relation to the employment intermediary, read references to the intermediary as references to the employment intermediary.”
- 13 In Chapter 11 of Part 2 of ITTOIA 2005 (trade profits: specific trades), after section 164A insert—

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*“Worker's services provided to public sector through intermediary*

**164B Intermediaries providing worker's services to public sector**

- (1) This section applies for the purposes of calculating the trading profits of a person where—
  - (a) the person is the intermediary in a chain identified under section 61N of ITEPA 2003 (see section 61N(1)(b)),
  - (b) a deemed direct payment is treated as made under subsection (3) of that section, and
  - (c) the person receives a payment which can reasonably be taken to be in respect of the same services as those in respect of which the underlying chain payment is made.
- (2) The payment mentioned in subsection (1)(c) is not required to be brought into account in calculating the profits of the trade.
- (3) In this section “underlying chain payment” means the payment whose amount is used at Step 1 of section 61Q(1) of ITEPA 2003 as the starting point for calculating the amount of the deemed direct payment mentioned in subsection (1)(b).”

14 In Chapter 9 of Part 3 of CTA 2009 (trade profits: specific trades), after section 141 insert—

*“Worker's services provided to public sector through intermediary*

**141A Intermediaries providing worker's services to public sector**

- (1) This section applies for the purposes of calculating the trading profits of a person where—
  - (a) the person is the intermediary in a chain identified under section 61N of ITEPA 2003 (see section 61N(1)(b)),
  - (b) a deemed direct payment is treated as made under subsection (3) of that section, and
  - (c) the person receives a payment which can reasonably be taken to be in respect of the same services as those in respect of which the underlying chain payment is made.
- (2) The payment mentioned in subsection (1)(c) is not required to be brought into account in calculating the profits of the trade.
- (3) In this section “underlying chain payment” means the payment whose amount is used at Step 1 of section 61Q(1) of ITEPA 2003 as the starting point for calculating the amount of the deemed direct payment mentioned in subsection (1)(b).”

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