

Employment income provided through third parties: arrangements relating to earnings charged to tax

Summary

1. These paragraphs introduce new provisions to the employment income provided through third parties' rules in Part 7A of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003). These new provisions clarify when section 554A of Part 7A of ITEPA 2003 (Part 7A) applies.

Details of the Schedule

2. Paragraph 1 inserts new subsections (5A) to (5C) into section 554A of ITEPA 2003. The new subsections clarify the application of Part 7A by putting beyond doubt that an income tax charge on a payment of earnings does not prevent a subsequent Part 7A charge arising as a result of a later relevant step.
3. Paragraph 2 sets out that the provision in paragraph 1 will apply to relevant steps taken on or after 22 November.

Background note

4. The government announced a package of proposals announced at Budget 2016 to tackle existing and prevent future use of disguised remuneration avoidance schemes. These changes will help to meet the government's objective of tackling tax avoidance and will ensure that users of disguised remuneration avoidance schemes pay their fair share of tax and National Insurance contributions.
5. As part of these changes legislation introduced in Finance Act 2017 set out the manner in which overlapping tax liabilities would be relieved under Part 7A ITEPA 2003, to prevent double taxation. This change supports the provisions which prevent double taxation by clarifying the interaction between two potentially overlapping provisions in ITEPA 2003.
6. A technical note detailing this change and other changes to the disguised remuneration rules will be published on 1 December 2017.

