

Charge to income tax in respect of certain relevant benefits provided for employees. FA72 s18(1)(a), (2), (3), (4) and (5); FA97 s146(1) and Sch9 Ptl par5(2) 777.—(1) Subject to this Chapter, where pursuant to a retirement benefits scheme the employer in any year of assessment pays a sum with a view to the provision of any relevant benefits for any employee of that employer, then (whether or not the accrual of the benefits is dependent on any contingency), the sum paid, if not otherwise chargeable to income tax as income of the employee, shall be deemed for the purposes of the Income Tax Acts to be income of that employee for that year of assessment and assessable to income tax under Schedule E.

(2) Subject to this Chapter, where—

(a) the circumstances in which any relevant benefits under a retirement benefits scheme are to accrue are not such as will render the benefits assessable to income tax as emoluments of the employee in respect of whom the benefits are paid, and

(b) the provision of those benefits is not, or is not fully, secured by the payment of sums by the employer with a view to the provision of those benefits,

then (whether or not the accrual of the benefits is dependent on any contingency), an amount equal to the cost, estimated in accordance with subsection (3), of securing the provision by a third person of the benefits or, as the case may be, of the benefits in so far as not already secured by the payment of sums mentioned in subsection (1) shall be deemed for the purposes of the Income Tax Acts to be income of the employee for the year or years of assessment specified in subsection (3) and assessable to income tax under Schedule E.

(3) The cost referred to in subsection (2) shall be estimated either—

(a) as an annual sum payable in each year of assessment in which the scheme in question is in force or the employee is serving, up to and including the year of assessment in which the benefits accrue or there ceases to be any possibility of the accrual of the benefits, or

(b) as a single sum payable in the year of assessment in which falls the date when the employee acquired the right to the relevant benefits or the date when the employee acquired the right to any increase in the relevant benefits,

as may be more appropriate in the circumstances of the case.

(4) Where the employer pays any sum mentioned in subsection (1) in relation to more than one employee, the sum so paid shall for the purpose of that subsection be apportioned among those employees by reference to the separate sums which would have had to be paid to secure the separate benefits to be provided for them respectively, and the part of the sum apportioned to each of them shall be deemed for that purpose to have been paid separately in relation to that one of them.

(5) Any reference in this section to the provision for an employee of relevant benefits shall include a

reference to the provision of benefits payable to the employee's spouse, widow or widower, children, dependants or personal representatives.