STATUTORY INSTRUMENTS

2011 No. 2696

The Employment Income Provided Through Third Parties (Excluded Relevant Steps) Regulations 2011

Disapplication of Chapter 2 of Part 7A: relevant steps arising or deriving from UK tax-relieved funds and relevant transfer funds

3.—(1) Chapter 2 of Part 7A (treatment of relevant steps for income tax purposes) does not apply by reason of a relevant step if the subject of the relevant step is a sum of money or asset which represents or which has (wholly or partly) arisen or derived (directly or indirectly) from a sum of money or assets which represents or has represented—

    (a) a UK tax-relieved fund under a relevant non-UK scheme, or

    (b) a relevant transfer fund under a relevant non-UK scheme.

(2) Paragraph (3) applies if the sum of money or asset which is the subject of the relevant step only partly—

    (a) represents, or

    (b) arises or derives from a sum of money or assets which represents or has represented,

a fund mentioned in paragraph (1).

(3) The relevant step is to be treated for the purposes of this Part as being two separate relevant steps—

    (a) one in relation to the sum of money or asset so far as it represents or arises or derives from a sum of money or assets which represents or has represented a fund mentioned in paragraph (1), and

    (b) one in relation to the sum of money or asset so far as it does not represent or arise or derive from a sum of money or assets which represents or has represented a fund mentioned in paragraph (1),

and paragraph (1) applies only in relation to the separate relevant step mentioned in sub-paragraph (a).

(4) In order to give effect to paragraph (3), the sum of money or asset which is the subject of the relevant step is to be apportioned between the two separate relevant steps on a just and reasonable basis.

(5) In paragraph (1)—

"relevant transfer fund" has the meaning given in paragraph 4(2) of Schedule 34 to FA 2004;

"UK tax-relieved fund" has the meaning given in paragraph 3(2) of Schedule 34 to FA 2004.