



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 11

PAY AS YOU EARN

CHAPTER 2

PAYE: GENERAL

684 PAYE regulations

- (1) The Board of Inland Revenue must make regulations (“PAYE regulations”) with respect to the assessment, charge, collection and recovery of income tax in respect of all PAYE income.
- (2) PAYE regulations may, in particular, include any such provision as is set out in the following list.

LIST OF PROVISIONS

1. Provision—
 - (a) for requiring persons making payments of, or on account of, PAYE income to make, at the time of the payment, deductions or repayments of income tax calculated by reference to tax tables prepared by the Board of Inland Revenue, and
 - (b) for making persons who are required to make any such deductions or repayments accountable to or, as the case may be, entitled to repayment from the Board.
2. Provision for the collection and recovery, whether by deduction from any PAYE income paid in any later year or otherwise, of income tax in respect of any such income which has not been deducted or otherwise recovered during the year.

Status: This is the original version (as it was originally enacted).

3. Provision for the production to, and inspection by, persons authorised by the Board of wages sheets and other documents and records for the purposes of satisfying themselves that income tax has been and is being deducted, repaid and accounted for in accordance with the regulations.
 4. Provision for requiring an employer or former employer to provide any information, within a prescribed time, about payments or other benefits provided or to be provided, including those provided or to be provided in connection with—
 - (a) the termination of a person’s employment, or
 - (b) a change in the duties of or general earnings from a person’s employment.
 5. Provision for the way in which any matters provided for by the regulations are to be proved.
 6. Provision—
 - (a) for requiring the payment of interest on sums due to the Board which are not paid by the due date,
 - (b) for determining the date (being not less than 14 days after the end of the tax year in respect of which the sums are due) from which such interest is to be calculated, and
 - (c) for enabling the repayment or remission of such interest.
 7. Provision for requiring the payment of interest on sums due from the Board and for determining the date from which such interest is to be calculated.
 8. Provision for the assessment and charge of income tax in respect of PAYE income.
 9. Provision for appeals with respect to matters arising under the regulations which would otherwise not be the subject of an appeal.
 10. Different provision for different cases or classes of case.
 11. Any incidental, consequential, supplementary and transitional provision which appears to the Board to be expedient.
- (3) The deductions of income tax required to be made by PAYE regulations under item 1 in the above list may be required to be made at the basic rate or other rates in such cases or classes of case as may be provided by the regulations.
 - (4) Interest required to be paid by PAYE regulations under item 6 or 7 in the above list must be paid without any deduction of income tax and may not be taken into account in computing any income, profits or losses for any tax purposes.
 - (5) PAYE regulations must not affect any right of appeal to the General or Special Commissioners which a person would have apart from the regulations.
 - (6) It does not matter for the purposes of PAYE regulations that income is wholly or partly income for a tax year other than that in which the payment is made.
 - (7) PAYE regulations have effect despite anything in the Income Tax Acts.
 - (8) In this Act and any other enactment (whenever passed) “PAYE regulations” means regulations under this section.

685 Tax tables

- (1) The Board of Inland Revenue must construct tax tables with a view to securing that so far as possible—
- (a) the total income tax payable in respect of PAYE income for any tax year is deducted from PAYE income paid during that year, and
 - (b) the income tax deductible or repayable on the occasion of any payment of, or on account of, PAYE income is such that the following proportions are the same—
 - (i) the proportion which the total net income tax deducted since the beginning of the tax year bears to the total income tax payable for the year, and
 - (ii) the proportion which the part of the tax year which ends with the date of the payment bears to the whole year.
- (2) References in subsection (1) to the total income tax payable for the year are to be read as references to the total income tax estimated to be payable for the year in respect of the income in question—
- (a) subject to a provisional deduction for allowances and reliefs, and
 - (b) subject, if necessary, to an adjustment for amounts overpaid or remaining unpaid on account of income tax in respect of PAYE income for any previous year.
- (3) For the purpose of estimating the total income tax payable as mentioned in subsection (1)(a), it may be assumed, in relation to any payment of, or on account of, PAYE income, that the following proportions will be the same—
- (a) the proportion which the income paid in the part of the tax year which ends with the making of the payment bears to the income for the whole year, and
 - (b) the proportion which that part of the tax year bears to the whole year.

686 Meaning of “payment”

- (1) For the purposes of PAYE regulations, a payment of, or on account of, PAYE income of a person is treated as made at the earliest of the following times—

Rule 1

The time when the payment is made.

Rule 2

The time when the person becomes entitled to the payment.

Rule 3

If the person is a director of a company and the income is income from employment with the company (whether or not as director), whichever is the earliest of—

- (a) the time when sums on account of the income are credited in the company's accounts or records (whether or not there is any restriction on the right to draw the sums);
- (b) if the amount of the income for a period is determined before the period ends, the time when the period ends;
- (c) if the amount of the income for a period is not determined until after the period has ended, the time when the amount is determined.

Status: This is the original version (as it was originally enacted).

- (2) Rule 3 applies if the person is a director of the company at any time in the tax year in which the time mentioned falls.
- (3) In this section “director” means—
- (a) in relation to a company whose affairs are managed by a board of directors or similar body, a member of that board or body,
 - (b) in relation to a company whose affairs are managed by a single director or other person, that director or person, and
 - (c) in relation to a company whose affairs are managed by the members themselves, a member of the company,
- and includes any person in accordance with whose directions or instructions the company’s directors (as defined above) are accustomed to act.
- (4) For the purposes of subsection (3) a person is not regarded as a person in accordance with whose directions or instructions the company’s directors are accustomed to act merely because the directors act on advice given by that person in a professional capacity.