



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 12

#### PAYROLL GIVING

#### **713 Donations to charity: payroll deduction scheme**

- (1) This section applies if—
  - (a) an individual is entitled to receive payments of, or on account of, PAYE income in respect of which PAYE regulations require deductions or repayments of income tax in accordance with those regulations, and
  - (b) at the request of the individual, the person making the payments (the “payer”) withholds sums from them as donations.
- (2) In determining whether there is such a requirement under PAYE regulations for the purposes of subsection (1)(a), any requirement under the regulations which requires the deduction of an amount in calculating the payments of, or on account of, PAYE income is to be disregarded.
- (3) The amount of the donations is allowed as a deduction in calculating the amount of the individual’s income which is charged to tax in accordance with subsection (4).
- (4) In the case of a payment of, or on account of—
  - (a) taxable earnings from an employment, the deduction is allowed from the taxable earnings from the employment in calculating the net taxable earnings from the employment for the relevant tax year for the purposes of Part 2 (see section 11(1));
  - (b) taxable specific income from an employment, the deduction is allowed from that taxable specific income in calculating the net taxable specific income from the employment for the relevant tax year for the purposes of Part 2 (see section 12(1));

- (c) taxable pension income for a pension, annuity or other item of pension income, the deduction is allowed from that taxable pension income in calculating the net taxable pension income for that income for the relevant tax year for the purposes of Part 9 (see section 567(3));
  - (d) taxable social security income for a taxable benefit, the deduction is allowed from that taxable social security income in calculating the net taxable social security income for that benefit for the relevant tax year for the purposes of Part 10 (see section 658(3)).
- (5) For the purposes of subsection (4) “relevant tax year” means—
- (a) in the case of paragraphs (a) and (b), the tax year in which the donation is withheld, and
  - (b) in the case of paragraphs (c) and (d), the tax year for which the income referred to in subsection (1)(a) is taxable pension income or taxable social security income, as the case may be.

#### **714 Meaning of “donations”**

- (1) For the purposes of this Part “donations” means sums which—
- (a) are withheld by the payer under a scheme which is an approved scheme at the time of the withholding,
  - (b) constitute gifts by the individual to one or more specified charities under the scheme, and
  - (c) satisfy the conditions (if any) set out in the scheme.
- (2) In this section—
- “approved scheme” means a scheme which is approved (or is of a kind approved) by the Inland Revenue and under which—
- (a) the payer is required to pay sums withheld to a body which is an approved agent at the time of the withholding, and
  - (b) the approved agent is required—
    - (i) to pay sums withheld to the specified charity or charities, or
    - (ii) in a case where the agent is itself a specified charity, to retain any sum due to itself;
- “charity” means any body of persons or trust established for charitable purposes only and includes each of the bodies mentioned in section 507 of ICTA;
- “specified charity” means a charity specified by the individual.
- (3) For the purposes of this section a body is an “approved agent” if it is approved by the Inland Revenue for the purpose of paying donations to one or more charities.

#### **715 Approval of schemes: regulation by Treasury**

- (1) The Treasury may by regulations prescribe the circumstances in which the Inland Revenue may grant or withdraw approval of any—
- (a) scheme,
  - (b) kind of scheme, or
  - (c) agent.

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

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- (2) The circumstances, whether relating to the terms of schemes or the qualifications of agents or otherwise, are to be such as the Treasury think fit.
- (3) The Treasury may by regulations make provision—
- (a) requiring a payer or agent who participates (or has at any time participated) in an approved scheme under this Part—
    - (i) to comply, within a prescribed period, with any notice which the Inland Revenue give to the payer or agent to make available for their inspection documents or records of a prescribed kind,
    - (ii) in prescribed circumstances, to furnish to the Inland Revenue prescribed information;
  - (b) for, and in relation to, appeals to the Special Commissioners against the Inland Revenue's refusal to approve, or their withdrawal of approval from, any—
    - (i) scheme,
    - (ii) kind of scheme, or
    - (iii) agent;
  - (c) generally for giving effect to sections 713 and 714.

In this subsection “prescribed” means prescribed by the regulations.