



# Finance Act 2006

## 2006 CHAPTER 25

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 9

#### MISCELLANEOUS PROVISIONS

#### *PAYE*

#### **94 PAYE: retrospective notional payments**

- (1) ITEPA 2003 is amended as follows.
- (2) In section 222 (payments by employer on account of tax where deduction not possible)
  - (a) in subsection (1)(c), for “date on which the employer is treated as making the notional payment” substitute “relevant date”,
  - (b) in subsection (2), for “date mentioned in subsection (1)(c)” substitute “relevant date”, and
  - (c) after subsection (3) insert—
    - “(4) In this section “the relevant date” means—
      - (a) if the employer is treated by virtue of any Act as making the notional payment before the date on which the Act is passed, that date, and
      - (b) in any other case, the date on which the employer is treated as making the notional payment.”
- (3) In section 684(2) (PAYE regulations), in item 1—
  - (a) for “time of the payment” substitute “relevant time”, and

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Section 94. (See end of Document for details)*

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(b) after paragraph (b) insert—

““The relevant time” is—

- (a) if the payment is a notional payment for the purposes of section 710 and the person is treated by virtue of any Act as making it at a time before the date on which the Act is passed, that date, and
- (b) in any other case, the time when the payment is made.”

(4) In section 710 (notional payments: accounting for tax)—

- (a) in subsection (7), after “means” insert “ (subject to subsection (7A)) ”, and
- (b) after that subsection insert—

“(7A) In a case where the notional payment is treated by virtue of any Act as made before the date on which the Act is passed—

- (a) the reference in sub-paragraph (i) of paragraph (a) of subsection (7) to the time when the notional payment is made is to the date on which the Act is passed,
- (b) the reference in sub-paragraph (ii) of that paragraph to any occasion falling within the same income tax period is to any occasion falling before the end of the income tax period next after that in which that date falls, and
- (c) the reference in paragraph (b) of that subsection to the income tax period in which the notional payment was made is to the income tax period next after that in which that date falls.”

(5) The provisions of ITEPA 2003 amended by this section have effect in relation to notional payments treated by virtue of this Act as made before the date on which this Act is passed as if for the references to the date on which the Act is passed in—

- (a) section 222(4)(a),
- (b) paragraph (a) of the definition of “the relevant time” in section 684(2), and
- (c) section 710(7A)(a), (b) and (c),

there were substituted references to such date as the Commissioners for Her Majesty's Revenue and Customs may by order made by statutory instrument appoint.

**Subordinate Legislation Made**

**P1** S. 94(5) power fully exercised: 6.4.2007 appointed by {S.I. 2007/1081}, art. 2

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2006, Section 94.