

**1988 No. 637**

**INCOME TAX**

**The Income Tax (Employments) (No.17) Regulations  
1988**

<i>Made</i> - - - -	<i>29th March 1988</i>
<i>Laid before Parliament</i>	<i>29th March 1988</i>
<i>Coming into force</i> -	<i>19th April 1988</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 204 of the Income and Corporation Taxes Act 1970(a), hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Income Tax (Employments) (No.17) Regulations 1988 and shall come into force on 19th April 1988.

**Interpretation**

2. In these Regulations "the Principal Regulations" means the Income Tax (Employments) Regulations 1973(b).

**Amendments to the Principal Regulations**

3. In proviso (i) to regulation 18(3) and in regulation 55(4) of the Principal Regulations for "£50" there shall be substituted—

"£100".

4. In regulation 29(4) of the Principal Regulations—

(a) for "90 days" there shall be substituted "30 days"; and

(b) after the words "be recovered from the employee" there shall be added—

"together with interest thereon from the reckonable date until payment in accordance with Regulation 29A".

5. After regulation 29 of the Principal Regulations there shall be inserted—

"29A. (1) Where:—

(a) an employer has not paid an amount of tax to the Collector under Regulation 26, and

(b) the Inspector, at any time after 19th April 1988, makes a determination of the amount of such tax under Regulation 29, and

(c) tax is payable pursuant to that determination,

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(a) 1970 c.10; section 204 was extended by the Finance (No.2) Act 1987 (c.51), section 92. (b) S.I. 1973/334; relevant amending instruments are S.I. 1981/44, 1982/66.

the tax so payable shall carry interest at the prescribed rate from the reckonable date until payment.

(2) Subject to paragraph (3) of this Regulation, "reckonable date" in this Regulation means the 14th day after the end of the year to which the determination relates and, for the purposes of this Regulation, where tax payable by the employer for any one or more income tax months is covered by a determination, that determination shall relate to the year of which that month or months forms or form part.

(3) Where, at any time after 19th April 1988, an Inspector makes a determination that relates to a year earlier than the year ending on 5th April 1988, then tax payable in accordance with that determination shall carry interest at the prescribed rate from 19th April 1988 until payment and in those circumstances that date shall be the reckonable date.

(4) In this Regulation "the prescribed rate" has the same meaning as in section 89 of the Taxes Management Act 1970(a) as from time to time increased or decreased by the Treasury in accordance with that section for the purposes of section 86 of that Act; any such increase or decrease shall apply to interest for periods beginning on or after the date when the order is expressed to come into force, whether or not interest runs from before that date.

(5) The tax payable to which paragraph (1) of this Regulation applies shall carry interest from the reckonable date even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882(b).

(6) Interest payable under this Regulation shall be recoverable as if it were an amount of tax which an employer is liable under Regulation 26 to pay to the Collector."

6.—(1) In regulation 32(1) of the Principal Regulations for the words "at the employer's premises" there shall be substituted—

"at such time as that officer may reasonably require at the prescribed place".

(2) After regulation 32(1) of the Principal Regulations there shall be inserted—

"(1A) In paragraph (1) of this Regulation "the prescribed place" means—

- (a) such place in the United Kingdom as the employer and the authorised officer may agree upon; or
- (b) in default of such agreement, the place in the United Kingdom at which the documents and records referred to in sub-paragraph (a) of paragraph (1) of this Regulation are normally kept; or
- (c) in default of such agreement and if there is no such place as is referred to in sub-paragraph (b) above, the employer's principal place of business in the United Kingdom.

(1B) The authorised officer may—

- (a) take copies of, or make extracts from, any document produced to him for inspection in accordance with paragraph (1) of this Regulation;
- (b) if it appears to him to be necessary to do so, at a reasonable time and for a reasonable period, remove any document so produced, and, if he does so, shall provide a receipt for any documents so removed; and where a lien is claimed on a document produced in accordance with paragraph (1) of this Regulation the removal of the document under this sub-paragraph shall not be regarded as breaking the lien;

and where a document removed in accordance with sub-paragraph (b) of this paragraph is reasonably required for the proper conduct of a business the authorised officer shall, within 7 days, provide a copy of the document, free of charge, to the person by whom it was produced or caused to be produced."

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(a) 1970 c.9; section 89 was amended by the Finance (No.2) Act 1987 (c.51), section 89. (b) 1882 c.61; section 92 was amended by the Banking and Financial Dealings Act 1971 (c.80), sections 3(1) and 4(4).

7. In regulation 53(1) of the Principal Regulations—
- (a) in the definition of “benefit”, for the words “or the Supplementary Benefit (Northern Ireland) Order 1977” there shall be substituted—  
“the Supplementary Benefit (Northern Ireland) Order 1977(a), the Social Security Act 1986(b), or the Social Security (Northern Ireland) Order 1986(c)”; and
  - (b) in the definition of “taxable benefit”, after the words “charged to tax under Schedule E by the said section 27” there shall be inserted—  
“or by section 29 of the Finance Act 1987(d)”.

*T. J. Painter  
A. B. Fallows*

29th March 1988

Two of the Commissioners of Inland Revenue

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### EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which amend the PAYE Regulations and which come into force on 19th April 1988—

(1) increase from £50 to £100 the amount of tax which an employer may repay to a new employee through the PAYE scheme without reference to the Inspector and the limit above which the Department of Employment (or, in Northern Ireland, the Department of Health and Social Services) must inform the Inspector of a notional repayment due to an unemployed claimant of social security benefits, part of which is taxable (regulation 3);

(2) reduce from 90 to 30 the number of days from the date on which a determination under regulation 29 of the PAYE Regulations becomes final and conclusive, after which, if the tax due under the determination is not paid by the employer, the Commissioners of Inland Revenue may direct that the tax may be recovered from the employee; and provide that the interest made payable on the determination by these regulations and due on that tax shall also be recovered from the employee (regulation 4);

(3) provide for interest to be payable on unpaid tax which is the subject of a determination under regulation 29 of the PAYE Regulations; the interest will run from the 19th April after the fiscal year to which the determination relates until payment (but will not run from any date earlier than 19th April 1988) and will be at the rate applicable to unpaid tax due from individuals; the interest will be recoverable in the same way as unpaid tax (regulation 5);

(4) extend the provisions for the inspection of PAYE employers' records by enabling an authorised officer to inspect such records at such time as he may reasonably require at an agreed place, or, in default of agreement, the place where the records are usually kept, or, if there is no such place, the employer's principal place of business; and permit the officer to take copies of, or remove, documents (providing copies where the documents are reasonably required for the proper conduct of a business) (regulation 6);

(5) extend the definitions of “benefit” and “taxable benefit” to take account of income support introduced as a replacement for supplementary benefit from April 1988 by the Social Security Act 1986 (regulation 7).

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(a) S.I. 1977/2156 (N.I. 27). (b) 1986 c.50. (c) S.I. 1986/1888 (N.I. 18). (d) 1987 c.16.