
STATUTORY INSTRUMENTS

2003 No. 2682

The Income Tax (Pay As You Earn) Regulations 2003

PART 3

DEDUCTION AND REPAYMENT OF TAX

CHAPTER 1

DEDUCTION AND REPAYMENT

Cessation of employment

Cessation of employment: Form P45

36.—(1) On ceasing to employ an employee in respect of whom a code has been issued, the employer must complete Form P45.

(2) The employer must then—

- (a) send Part 1 of that form to the Inland Revenue, and
- (b) provide Parts 1A, 2 and 3 to the employee,

on the day on which the employment ceases or, if that is not practicable, without unreasonable delay.

(3) Retirement on pension is not a cessation of employment for the purposes of this regulation if the PAYE pension income is paid by the same employer after retirement.

(4) The information listed in column 1 of Table 2 must, subject to the conditions set out in column 2, be provided in the various Parts of Form P45 as indicated in columns 3 to 5.

Table 2

Information which must be provided in Form P45

1. <i>Information to be provided</i>	2. <i>Conditions</i>	3–5. <i>Form P45 Part</i>		
		<i>1</i>	<i>1A</i>	<i>2, 3</i>
1. the employer's reference	PAYE	yes	yes	yes
2. the employee's national insurance number	if known	yes	yes	yes
3. the employee's name		yes	yes	yes

1. Information to be provided	2. Conditions	3–5. Form P45 Part		
		1	1A	2, 3
4. the date on which the employment ceased		yes	yes	yes
5. the employee's code or, if more than one, the latest code, issued by the Inland Revenue for the tax year during which the employment ceased		yes	yes	yes
6. whether the employee's code is used on the cumulative basis		yes	yes	yes
7. the tax week or month in which the last relevant payment was made to the employee or, in a case falling within regulation 24, was treated as having been made	if the employee's code is used on the cumulative basis	yes	yes	yes
8. the total payments to date and the corresponding total net tax deducted	if the employee's code is used on the cumulative basis	yes	yes	yes
9. the total payments to date relating to the employment in question and the corresponding total net tax deducted	if the employee's code is used on the cumulative basis, and if different from the information supplied under item 8	yes	yes	no
10. the total payments to date relating to the employment in question and the corresponding total net tax deducted	if the employee's code is not used on the cumulative basis	yes	yes	no
11. the number used by the	if any	yes	no	no

1. Information to be provided	2. Conditions	3–5. Form P45 Part		
		1	1A	2, 3
employer to identify the employee				
12. the department or branch in which the employee was employed	if any	yes	no	no
13. the employee’s address	if known	yes	no	no
14. the employer’s name		yes	yes	no
15. the employer’s address		yes	yes	no
16. the date the Form is completed		yes	yes	no

(5) This regulation is subject to regulations 38, 39 and 180 (death of employee etc).

PAYE income paid after employment ceased

37.—(1) This regulation applies if a relevant payment is made to an employee after the employment has ceased—

- (a) by the former employer in respect of the former employment, or
- (b) by any other person in respect of an obligation of the former employer,

and the payment has not been included in Form P45.

(2) The person making the payment must deduct tax at the basic rate in force for the tax year in which the payment is made.

(3) But—

- (a) the payment does not affect the cessation of employment, and
- (b) the provisions listed in paragraph (4) do not apply.

(4) The provisions are—

regulation 21	deduction and repayment of tax by reference to employee’s code
regulations 22 and 23	cumulative basis
regulations 26 and 27	non-cumulative basis
Chapters 2 and 3 of this Part	new employees and new pensioners: Forms P45 and P46.

(5) The person making the payment must record the following information in a deductions working sheet (which the person must prepare for the purpose if one has not already been prepared for that tax year).

(6) The information is—

- (a) the date of the payment,
- (b) the amount of the relevant payment, and
- (c) the amount of tax deducted on making the payment, or to be deducted or accounted for under regulation 62(4) or (5) (notional payments).

(7) The person making the payment must also notify the employee of the information mentioned in paragraph (6) without unreasonable delay.

Death of employee

38.—(1) On the death of an employee (other than a pensioner) in respect of whom a code has been issued by the Inland Revenue, the employer must—

- (a) complete Form P45 indicating in Part 1 that the employee has died, and
- (b) send it to the Inland Revenue.

(2) The employer must comply with paragraph (1)—

- (a) on the day on which the employer learns of the employee's death, or
- (b) if that is not practicable, without unreasonable delay.

(3) The employer must, on making a relevant payment after learning of the employee's death but before completing Form P45, deduct or repay tax as if the deceased employee were still alive and employed by the employer at the date of the payment.

(4) Regulation 37(2) to (6) applies to any relevant payment which—

- (a) is made in respect of the employee's employment after the date of the employee's death, and
- (b) is not included in Form P45.

Death of pensioner

39.—(1) On the death of a pensioner in respect of whom a code has been issued by the Inland Revenue, the pension payer must—

- (a) complete Form P45 indicating in Part 1 that the pensioner has died, and
- (b) send it to the Inland Revenue.

(2) The pension payer must comply with paragraph (1)—

- (a) on the day on which the pension payer learns of the pensioner's death, or
- (b) if that is not practicable, without unreasonable delay.

(3) Paragraph (4) applies if the pension payer makes any relevant pension payments after the date of the pensioner's death—

- (a) before completing Form P45, or
- (b) after completing Form P45 but during the tax year in which the pensioner died.

(4) The pension payer must, on making any such payment, deduct or repay tax as if the deceased pensioner were still alive and in receipt of a pension at the date of the payment.

(5) Regulation 37(2) to (6) applies to any relevant pension payment which—

- (a) is made in a tax year following the tax year in which the pensioner died, and

(b) is not included in Form P45.