
STATUTORY INSTRUMENTS

2014 No. 472

**The Income Tax (Pay As You Earn) and the Income Tax
(Construction Industry Scheme) (Amendment) Regulations 2014**

PART 1

Amendment of the Income Tax (Pay As You Earn) Regulations 2003

2. The Income Tax (Pay As You Earn) Regulations 2003⁽¹⁾ are amended as provided for in regulations 3 to 20.

3. In regulation 2(1) (interpretation), in the definition of “deductions working sheet”, omit paragraph (b).

4. In regulation 67B (real time returns of information about relevant payments)⁽²⁾—

(a) in paragraph (1) for “paragraphs (1A) and (1B)” substitute “paragraph (1A)”; and

(b) for paragraphs (1A) and (1B) substitute—

“(1A) But a Real Time Information employer⁽³⁾—

(a) which for the tax year 2014-15 meets Conditions A and B, or

(b) which for the tax year 2015-16 meets Conditions A and C,

may instead for that tax year deliver to HMRC the information specified in Schedule A1 (real time returns)⁽⁴⁾ in respect of all relevant payments made to an employee in a tax month on or before making the last relevant payment in that month.

(1B) Condition A is that, at 5th April 2014, the Real Time Information employer is one to whom HMRC has issued an employer’s PAYE reference⁽⁵⁾.

(1C) Condition B is that, at 6th April 2014, the Real Time Information employer employs no more than 9 employees.

(1D) Condition C is that, at 6th April 2015, the Real Time Information employer employs no more than 9 employees.”.

5. In regulation 67D (exceptions to regulation 67B)⁽⁶⁾—

(a) in paragraph (1)(e) after “paragraph (11)” insert—

“,

but this is subject to paragraph (2B).”,

(b) after paragraph (2A) insert—

(1) [S.I. 2003/2682](#); relevant amending instruments are [S.I. 2007/1077](#), [2007/2969](#), [2008/782](#), [2009/2029](#), [2010/668](#), [2012/822](#), [2012/1895](#), [2013/521](#) and [2013/2300](#).

(2) Regulation 67B was inserted by regulation 27 of [S.I. 2012/822](#) and amended by regulation 18 of [S.I. 2013/521](#) and regulation 2 of [S.I. 2013/2300](#).

(3) “Real Time Information employer” is defined in regulation 2A.

(4) Schedule A1 was inserted by regulation 52 of [S.I. 2012/821](#) and amended by regulation 37 of [S.I. 2013/521](#).

(5) The term “employer’s PAYE reference” is defined in regulation 2.

(6) Regulation 67D was inserted by regulation 27 of [S.I. 2012/822](#) and amended by regulation 21 of [S.I. 2013/521](#).

- “(2B) This regulation does not apply if a Real Time Information employer within paragraph (1) makes a return using an approved method of electronic communications.”, and
- (c) in paragraphs (3), (5) and (6) for “month”, wherever it occurs, substitute “quarter”.
6. In regulation 67E (returns under regulations 67B and 67D: amendments)(7)—
- (a) in paragraph (1)—
- (i) for “an employer discovers an error in a return” substitute “there is an inaccuracy in a return”, and
- (ii) after the second reference to “67B” insert “, whether careless or deliberate.”,
- (b) in paragraphs (2), (3), (4) and (8)(a) for “error” substitute “inaccuracy”,
- (c) for paragraph (5) substitute—
- “(5) Where an employer becomes aware of an inaccuracy in a return submitted under regulation 67B or 67D, the employer must provide the correct information in the next return for the tax year in question.”, and
- (d) in paragraph (7)(b) for “discovery of the error” substitute “employer becomes aware of the inaccuracy”.
7. After regulation 69 (due date and receipts for payment of tax) insert—

“Circumstances in which payment of a lesser amount is to be treated as payment in full for the purposes of paragraph 6(2) of Schedule 56 to the Finance Act 2009

69A.—(1) A payment that is less than the full amount due under regulation 67G(2) (payments to and recoveries from HMRC for each tax period)(8), as adjusted by regulation 67H (payments due and recoveries from HMRC for each tax period: returns under regulation 67E(6))(9) where appropriate, will for the purposes of paragraph 6(2) of Schedule 56 to the Finance Act 2009 (amount of penalty: PAYE and CIS)(10) be treated as payment of the full amount if the difference between the full amount and the amount paid is no more than £100 (“the tolerance”), but this is subject to paragraphs (2) and (3).

(2) Paragraph (1) does not apply where—

- (a) the payment relates to a return which is correcting information given in a return filed in respect of a relevant payment made in an earlier tax month, and
- (b) the return is delivered after 19th April following the end of the tax year in question.

(3) If the total sum paid by the employer to HMRC for the tax period includes not only the amount due under regulation 67G(2), as adjusted by regulation 67H where appropriate, but also one or more of—

- (a) any earnings-related contributions (as defined by regulation 1(2) of the SSC Regulations 2001(11)),
- (b) any payment under regulation 7(1) of the Income Tax (Construction Industry Scheme) Regulations 2005(12), or

(7) Regulation 67E was inserted by regulation 27 of [S.I. 2012/822](#) and amended by regulation 22 of [S.I. 2013/521](#).

(8) Regulation 67G was inserted by regulation 27 of [S.I. 2012/822](#) and amended by regulation 25 of [S.I. 2013/521](#).

(9) Regulation 67H was inserted by regulation 27 of [S.I. 2012/822](#) and amended by regulation 26 of [S.I. 2013/521](#).

(10) Paragraph 6(2) was substituted by paragraph 6 of Schedule 11 to the Finance (No. 3) Act 2010 (c. 33) and amended by paragraph 12(3) of Schedule 50 to the Finance Act 2013.

(11) [S.I. 2001/1004](#). The term “SSC Regulations” and its definition were inserted into regulation 2 of [S.I. 2003/2682](#) by regulation 3 of [S.I. 2007/1077](#).

(12) [S.I. 2005/2045](#); relevant amending instruments are [S.I. 2008/740](#) and [2012/820](#).

- (c) any repayment due under the Student Loans Regulations⁽¹³⁾,
the tolerance is applied to the total sum paid to HMRC for the tax period to which the payments relate.”.
8. In regulation 72E(1) (conditions where regulation 72F applies)⁽¹⁴⁾—
- (a) in sub-paragraph (a), for “an employee has” substitute “one or more employees have”, and
- (b) for sub-paragraph (b)(i), substitute—
- “(i) is likely to have been self-assessed by one or more of the employees, or”.
9. In regulation 72F(3) (recovery from employee of tax that has been self-assessed etc)⁽¹⁵⁾, for sub-paragraph (b) substitute—
- “(b) the—
- (i) amount (or amounts) within regulation 72E(1)(b) to which it relates, or
- (ii) employment in respect of which the relevant payment within regulation 72E(1)
- (a) was received and in respect of which the amount within regulation 72E(1)
- (b)(i) is likely to have been self-assessed, and”.
10. In regulation 141(1) (direct collection and special arrangements), for sub-paragraph (b) and the text to the end of the paragraph, substitute—
- “(b) any other case in which HMRC are of the opinion that deduction of tax by reference to the tax tables is impracticable,
- the direct collection procedure in regulation 142 applies to any PAYE income, unless HMRC makes special arrangements for the collection of tax in respect of that PAYE income.”.
11. For regulation 142 (direct collection: issue of deductions working sheet) substitute—

“Direct collection: employee to report payments

142.—(1) On receiving a relevant payment—

- (a) an employee (E) must proceed in accordance with paragraph (3) or paragraph (4), as the case may be, and
- (b) regulations 143 to 147A (direct collection) apply to E,

unless E objects to the application of the direct collection procedure.

(2) E may, within 30 days beginning with the date of receipt of written notification from HMRC that the direct collection procedure applies, object by written notice to HMRC to that procedure.

(3) E must deliver the information specified in Schedule A1 as if E were a Real Time Information employer for the purposes of regulations 67B (real time information returns of information about relevant payments), 67E (returns under regulations 67B and 67D: amendments), 67EA (failure to make a return under regulation 67B or 67D)⁽¹⁶⁾ and 67F (additional information about payments)⁽¹⁷⁾ and references to “an employer making a relevant payment” are to be read as if they were references to “the employee receiving a relevant payment”.

- (4) But if E—

⁽¹³⁾ [S.I. 2009/470](#). The term “Student Loan Regulations” and its definition were inserted into regulation 2 of [S.I. 2003/2682](#) by regulation 3 of [S.I. 2008/782](#) and substituted by regulation 60 of [S.I. 2012/822](#).

⁽¹⁴⁾ Regulation 72E was inserted by regulation 7 of [S.I. 2008/782](#).

⁽¹⁵⁾ Regulation 72F was inserted by regulation 7 of [S.I. 2008/782](#).

⁽¹⁶⁾ Regulation 67EA was inserted by regulation 23 of [S.I. 2013/521](#).

⁽¹⁷⁾ Regulation 67F was inserted by regulation 27 of [S.I. 2012/822](#) and amended by regulation 24 of [S.I. 2013/521](#).

- (a) is an individual who is a practising member of a religious society or order whose beliefs are incompatible with the use of electronic communications, or
- (b) has been given a direction under paragraph (5),

E may instead proceed as if E were a Real Time Information employer to whom regulations 67D (exceptions to regulation 67B), 67E (returns under regulations 67B and 67D: amendments), 67EA (failure to make a return under regulation 67B or 67D) and 67F (additional information about payments) apply with the modification referred to in paragraph (3).

(5) Where the Commissioners for Her Majesty's Revenue are satisfied that—

- (a) it is not reasonably practicable for E to make a return using an approved form of electronic communication, and
 - (b) it is E who delivers the return (and not some other person on E's behalf),
- they may make a direction specifying that E is not required to make a return using an approved method of electronic communication.”.

12. In regulation 143 (direct collection: employee to keep records)—

- (a) in paragraph (1) for “the deductions” substitute “a deductions”,
- (b) in paragraphs (2) and (4) for “the deductions” substitute “that deductions”, and
- (c) in paragraph (5) for “regulations 145 and 146” substitute “regulation 146”.

13. In regulation 143(5) omit “and regulation 146”.

14. In regulation 144(1) (direct collection: payment), in paragraph (1) for the definition of “the current total tax” substitute—

““the current total tax” means the amount required to be recorded at paragraph 17 of Schedule A1 (real time returns)(**18**) in the most recent return which the employee is required to make in the tax year, or where the employee is required to make a return under regulation 67EA(3) (failure to make a return under regulation 67B)(**19**), the amount required to be recorded at paragraph 17 of Schedule A1 for the tax year to which that return relates;”.

15. Omit regulation 145 (direct collection: return when relevant payments cease).

16. Omit regulation 146 (direct collection: end of year return).

17. After regulation 147 (direct collection: failure to pay) insert—

“Circumstances in which payment of a lesser amount is to be treated as payment in full for the purposes of paragraph 6(2) of Schedule 56 to the Finance Act 2009

147A.—(1) A payment that is less than the full amount due under regulation 67G(2) (payments to and recoveries from HMRC for each tax period), as adjusted by regulation 67H (payments due and recoveries from HMRC for each tax period: returns under regulation 67E(6)) where appropriate, will for the purposes of paragraph 6(2) of Schedule 56 to the Finance Act 2009 (amount of penalty: PAYE and CIS) be treated as payment of the full amount if the difference between the full amount and the amount paid is no more than £100 (“the tolerance”), but this is subject to paragraphs (2) and (3).

(2) Paragraph (1) does not apply where—

- (a) the payment relates to a return which corrects information given in a return filed in respect of a relevant payment made in an earlier tax month, and

(18) Schedule A1 was inserted by regulation 52 of [S.I. 2012/822](#) and amended by regulation 37 of [S.I. 2013/521](#).

(19) Regulation 67EA was inserted by regulation 23 of [S.I. 2013/521](#).

(b) the return is delivered after 19th April following the end of the tax year in question.

(3) If the total sum paid by the employer to HMRC for the tax period includes not only the amount due under regulation 67G(2), as adjusted by regulation 67H where appropriate, but also one or more of—

(a) any earnings-related contributions (as defined by regulation 1(2) of the SSC Regulations 2001),

(b) any payment under regulation 7(1) of the Income Tax (Construction Industry Scheme) Regulations 2005, or

(c) any repayment due under the Student Loans Regulations,

the tolerance is applied to the total sum paid to HMRC for the tax period to which the payments relate.”.

18. In regulation 206(2) (employers)(**20**), after sub-paragraph (e) insert—

“and,

(f) an employer to whom a direction has been given under regulation 67D (exceptions to regulation 67B)(**21**) or regulation 142 (direct collection: employee to report payments)(**22**)

19. Omit regulation 207(2) (specified information).

20. In Schedule A1 (real time returns)(**23**) for paragraph 21(b) substitute—

“(b) 16 to 23.99,

(ba) 24 to 29.99,”.

(**20**) Paragraph (2) has been substituted and amended by regulation 7 of [S.I. 2009/2029](#) and amended by regulation 9 of [S.I. 2010/668](#) and by regulation 10 of [S.I. 2013/521](#).

(**21**) Regulation 67D was relevantly amended by the insertion of paragraph (11) by regulation 21 of [S.I. 2013/521](#).

(**22**) Regulation 142 has substituted by regulation 11 of these Regulations.

(**23**) Schedule A1 was inserted by regulation 52 of [S.I. 2012/822](#) and has been amended by regulation 37 of [S.I. 2013/521](#).