



# Finance Act 2003

## 2003 CHAPTER 14

### PART 7

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

##### *Employment income and related matters*

#### **145 PAYE: regulations and notional payments**

(1) In the list in subsection (2) of section 684 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (PAYE regulations)—

(a) for item 2 substitute—

“1A

Provision—

- (a) for deductions to be made, if and to the extent that the payee does not object, with a view to securing that income tax payable in respect of any income of a payee for a tax year which is not PAYE income is deducted from PAYE income of the payee paid during that year; and
- (b) as to the circumstances and manner in which a payee may object to the making of deductions.

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Provision—

- (a) for repayments or deductions to be made, if and to the extent that the payee does not object, in respect of any amounts overpaid or remaining unpaid (or treated as overpaid or remaining unpaid) on account of—
  - (i) income tax in respect of income for a previous tax year, or

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**Changes to legislation:** *Finance Act 2003, Section 145 is up to date with all changes known to be in force on or before 19 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

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- (ii) capital gains tax in respect of chargeable gains for such a year; and
- (b) as to the circumstances in which repayments or deductions may be made, and the circumstances and manner in which a payee may object to the making of repayments or deductions.”;
- (b) after item 4 insert —
  - “4A Provision authorising the recovery from the payee rather than the payer of any amount that the Inland Revenue considers should have been deducted by the payer.”;
  - (c) for item 8 substitute as items 7A and 8—
    - “7A Provision for excluding payments of such description as may be specified from the operation of the regulations in such circumstances as may be specified.
    - 8 Provision for the making of decisions by the Board or the Inland Revenue as to any matter required to be decided for the purposes of the regulations and for appeals against such decisions.”.
- (2) After subsection (7) of that section insert—
  - “(7A) Nothing in PAYE regulations may be read—
    - (a) as preventing the making of arrangements for the collection of tax in such manner as may be agreed by, or on behalf of, the payer and the Inland Revenue, or
    - (b) as requiring the payer to comply with the regulations in circumstances in which the Inland Revenue is satisfied that it is unnecessary or not appropriate for the payer to do so.
  - (7B) References in this section and section 685 to income tax in respect of PAYE income are references to income tax in respect of that income if reasonable assumptions are (when necessary) made about other income.
  - (7C) In this section and section 685—
    - “payer” means any person paying PAYE income and “payee” means any person in receipt of such income;
    - “specified” means specified in PAYE regulations.”.
- (3) In subsection (2) of section 685 of that Act (tax tables), for paragraph (b) substitute—
  - “(b) subject to an adjustment in respect of amounts required to be deducted or repaid by PAYE regulations made under item 1A or 2 in the list in section 684(2).”.
- (4) After subsection (3) of that section insert—

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- “(4) PAYE regulations may make provision, where it appears to the Inland Revenue that it is impracticable for a payer to deduct tax by reference to tax tables—
- (a) for deductions to be made by the payer in accordance with other arrangements agreed as mentioned in section 684(7A)(a), or
  - (b) for the payee to be required to keep records and make payments and returns as if he were the payer.”.
- (5) In section 707 of that Act (interpretation of Chapter 5 of Part 11), in the definition of “employment”, for “this section” substitute “ this Chapter ”.
- (6) In section 710 of that Act (notional payments: accounting for tax)—
- (a) in subsections (1) and (4), after “must” insert “ , subject to and in accordance with PAYE regulations, ”;
  - (b) in subsection (5)(b) and (c), for “accounted for” substitute “ deducted or accounted for (or required to be deducted or accounted for) ”; and
  - (c) in subsection (6), for “an amount which” substitute “ an amount of tax which ” and for “is paid by the employee” substitute “ is deducted ”.
- (7) Substitute “ PAYE regulations ”
- (a) for “the said section 203” in subsection (8) of section 59A of the Taxes Management Act 1970 (c. 9) (payments on account of income tax); and
  - (b) for “that section” in subsection (10) of that section and subsections (2) and (8) of section 59B of that Act (payments of income tax and capital gains tax).

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**Changes and effects yet to be applied to :**

- specified provision(s) savings for amendments by 2018 anaw 1, s. 6, Sch. 6 by [S.I. 2019/110 reg. 5](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 57(3) inserted by [2011 c. 11 Sch. 22 para. 4](#)
- s. 87(3)(a)(ia) inserted by [S.I. 2003/2760 Sch. para. 3\(4\)\(a\)](#) (This amendment not applied to legislation.gov.uk. The affecting S.I. is revoked and superseded by [S.I. 2003/2816](#))
- Sch. 12 para. 3(2)(aa) inserted by [2007 asp 3 Sch. 5 para. 32](#) (This effect was superseded by the repeal of Sch. 12 para. 3 by Finance Act 2008 (c. 9), s. 129(4), Sch. 43 para. 16)
- Sch. 12 para. 1A inserted by [2007 c. 15 Sch. 13 para. 147\(2\)](#) (The amending provision was repealed before coming into force.)
- Sch. 12 para. 1A omitted by [2008 c. 9 Sch. 43 para. 9](#) (The amending provision was repealed before coming into force.)