



Finance Act 2014

2014 CHAPTER 26

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

INCOME TAX: GENERAL

Other provisions

21 Oil and gas workers on the continental shelf: operation of PAYE

- (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)(a), after “689” insert “, 689A ”, and
 - (b) in subsection (3), after “employer” insert “ or section 689A(3) (deemed payments of PAYE income of continental shelf workers by person other than employer) ”.
- (3) In section 421L (persons to whom certain duties to provide information and returns apply)—
 - (a) in subsection (3), after paragraph (b) insert—
 - “(ba) if the employee in question is a continental shelf worker and PAYE regulations do not apply to the employer in question, any person who is a relevant person in relation to the employee in question,” and
 - (b) after subsection (5) insert—

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“(5A) In subsection (3)(ba) “continental shelf worker” and “relevant person” have the meaning given by section 689A(11) (PAYE: oil and gas workers on the continental shelf).”

(4) In section 689 (provision about PAYE for employees of non-UK employers), after subsection (1) insert—

“(1ZA) But this section does not apply if section 689A applies or would apply but for a certificate issued under regulations made under subsection (7) of that section.”

(5) After that section insert—

“689A Oil and gas workers on the continental shelf

(1) This section applies if—

- (a) any payment of, or on account of, PAYE income of a continental shelf worker in respect of a period is made by a person who is the employer or an intermediary of the employer or of the relevant person,
- (b) PAYE regulations do not apply to the person making the payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, to the employer, and
- (c) income tax and any relevant debts are not deducted, or not accounted for, in accordance with PAYE regulations by the person making the payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, by the employer.

(2) Subject to subsection (5), subsection (1)(a) does not apply in relation to a payment so far as the sum paid is employment income under Chapter 2 of Part 7A.

(3) The relevant person is to be treated, for the purposes of PAYE regulations, as making a payment of PAYE income of the continental shelf worker of an amount equal to the amount given by subsection (4).

(4) The amount referred to is—

- (a) if the amount of the payment actually made is an amount to which the recipient is entitled after deduction of income tax and any relevant debts under PAYE regulations, the aggregate of the amount of the payment and the amount of any income tax due and any relevant debts deductible, and
- (b) in any other case, the amount of the payment.

(5) If, by virtue of any of sections 687A and 693 to 700, an employer would be treated for the purposes of PAYE regulations (if they applied to the employer) as making a payment of any amount to a continental shelf worker, this section has effect as if—

- (a) the employer were also to be treated for the purposes of this section as making an actual payment of that amount, and
- (b) paragraph (a) of subsection (4) were omitted.

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- (6) For the purposes of this section a payment of, or on account of, PAYE income of a continental shelf worker is made by an intermediary of the employer or of the relevant person if it is made—
- (a) by a person acting on behalf of the employer or the relevant person and at the expense of the employer or the relevant person or a person connected with the employer or the relevant person, or
 - (b) by trustees holding property for any persons who include, or a class of persons which includes, the continental shelf worker.
- (7) PAYE regulations may make provision for, or in connection with, the issue by Her Majesty's Revenue and Customs of a certificate to a relevant person in respect of one or more continental shelf workers—
- (a) confirming that, in respect of payments of, or on account of, PAYE income of the continental shelf workers specified or described in the certificate, income tax and any relevant debts are being deducted, or accounted for, as mentioned in subsection (1)(c), and
 - (b) disapplying this section in relation to payments of, or on account of, PAYE income of those workers while the certificate is in force.
- (8) Regulations under subsection (7) may, in particular, make provision about—
- (a) applying for a certificate;
 - (b) the circumstances in which a certificate may, or must, be issued or cancelled;
 - (c) the form and content of a certificate;
 - (d) the effect of a certificate (including provision modifying the effect mentioned in subsection (7)(b) or specifying further effects);
 - (e) the effect of cancelling a certificate.
- (9) Subsection (10) applies if—
- (a) there is more than one relevant person in relation to a continental shelf worker, and
 - (b) in consequence of the same payment within subsection (1)(a), each of them is treated under subsection (3) as making a payment of PAYE income of the worker.
- (10) If one of the relevant persons complies with section 710 (notional payments: accounting for tax) in respect of the payment that person is treated as making, the other relevant persons do not have to comply with that section in respect of the payments they are treated as making.
- (11) In this section—
- “continental shelf worker” means a person in an employment some or all of the duties of which are performed—
- (a) in the UK sector of the continental shelf (as defined in section 41), and
 - (b) in connection with exploration or exploitation activities (as so defined);
- “employer” means the employer of the continental shelf worker;
- “relevant person”, in relation to a continental shelf worker, means—

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- (a) if the employer has an associated company (as defined in section 449 of CTA 2010) with a place of business or registered office in the United Kingdom, the associated company, or
 - (b) in any other case, the person who holds the licence under Part 1 of the Petroleum Act 1998 in respect of the area of the UK sector of the continental shelf where some or all of the duties of the continental shelf worker's employment are performed.”
- (6) In section 690 (employee non-resident etc), in subsection (10)—
- (a) after “689”, in the first place it appears, insert “ or 689A ”, and
 - (b) after “689”, in the second place it appears, insert “ or (as the case may be) 689A ”.
- (7) In section 710 (notional payments: accounting for tax), in subsection (2)—
- (a) in paragraph (a)—
 - (i) after “689” insert “ , 689A ”, and
 - (ii) for “or 689(3)(a)” substitute “ , 689(3)(a) or 689A(4)(a) ”, and
 - (b) in paragraph (b), after “689(2)” insert “ or 689A(3) ”.
- (8) In section 689A (inserted by subsection (5)), at the end insert—
- “(12) The Treasury may by regulations modify the definitions of “continental shelf worker” and “relevant person”, as the Treasury thinks appropriate.
- (13) Regulations under subsection (12) may—
- (a) make different provision for different cases or different purposes,
 - (b) make incidental, consequential, supplementary or transitional provision or savings, and
 - (c) amend this section.”
- (9) The amendment made by subsection (5) is treated as having come into force—
- (a) on 26 March 2014 for the purposes of making regulations under section 689A(7) of ITEPA 2003, and
 - (b) on 6 April 2014 for remaining purposes.
- (10) The amendments made by subsections (2), (4), (6) and (7) are treated as having come into force on 6 April 2014.

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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. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)