

**2001 No. 56**

**INCOME TAX**

**The Income Tax (Electronic Communications) (Incentive  
Payments) Regulations 2001**

*Made*   -   -   -   -   *11th January 2001*

*Laid before the House of Commons*   *11th January 2001*

*Coming into force*   -   -   *1st February 2001*

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 143(1) of, and Schedule 38 to, the Finance Act 2000<sup>(a)</sup>, hereby make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Income Tax (Electronic Communications) (Incentive Payments) Regulations 2001 and shall come into force on 1st February 2001.

(2) Nothing in these Regulations affects the operation of the Electronic Lodgement of Tax Returns Order 1997<sup>(b)</sup> or the Income Tax (Electronic Communications) Regulations 2000<sup>(c)</sup>.

**Interpretation**

2. In these Regulations—

“the Board” means the Commissioners of Inland Revenue;

“employer” means any person paying emoluments;

“Employments Regulations” means the Income Tax (Employments) Regulations 1993<sup>(d)</sup>;

“incentive payment” means a payment by way of an incentive to use electronic communications for the delivery of information under regulation 3, 4 or 5;

“the Management Act” means the Taxes Management Act 1970<sup>(e)</sup>;

“tax credit” means working families’ tax credit or, as the case may be, disabled person’s tax credit<sup>(f)</sup>.

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(a) 2000 c. 17.

(b) S.I. 1997/57.

(c) S.I. 2000/945.

(d) S.I. 1993/744.

(e) 1970 c. 9.

(f) Working families’ tax credit and disabled person’s tax credit were formerly known (prior to the enactment of the Tax Credits Act 1999 (c. 10)) as family credit and disability working allowance respectively—see section 1(1) of the Tax Credits Act 1999.

## **Incentive payment—return under sections 8 and 9 of the Management Act**

3.—(1) The Board shall make an incentive payment in the amount of £10 to any individual who—

- (a) makes and delivers a return under sections 8 and 9 of the Management Act<sup>(a)</sup> for a year of assessment using electronic communications, and
- (b) satisfies the conditions specified in any direction given by the Board under paragraph (2).

(2) The Board may give a direction specifying any or all of the following conditions—

- (a) a condition that the year of assessment for which the return is to be made and delivered is one specified in the direction,
- (b) a condition specifying the form of electronic communication by which the return is to be delivered,
- (c) a condition that the individual by whom the return is to be made and delivered is one who is authorised to use the form of electronic communication specified in the direction,
- (d) a condition that where the individual by whom the return is made and delivered becomes liable to pay an amount by way of income tax for the year of assessment concerned, the payment or, if more than one, at least one of the payments, made by him in meeting that liability is made using one of the forms of electronic payment specified in the direction,
- (e) a condition that the return is made and delivered using the form of electronic communication specified in the direction,
- (f) a condition that the return is made and delivered by the individual on or before the day mentioned in section 8(1A) of the Management Act,
- (g) a condition that any amount payable by way of income tax by the individual for the year of assessment concerned is paid in accordance with the provisions for payment of income tax contained in sections 59A and 59B of the Management Act<sup>(b)</sup>.

(3) Where an officer of the Board considers that the individual has failed to satisfy one or more of the conditions specified in the direction, he may give notice to the individual that the conditions are not met or, where the incentive payment has already been authorised or made, notice withdrawing the incentive payment.

(4) Where prior to the giving of a notice under paragraph (3) an incentive payment has already been made to the individual, an officer of the Board may recover the amount of the incentive payment in accordance with paragraph (5).

(5) For the purposes of paragraph (4), subsections (1), (4), (5) and (6) of section 30 of the Management Act (recovery of overpayment of tax, etc)<sup>(c)</sup> and section 30A of that Act<sup>(d)</sup> (assessing procedure) shall apply as if the amount of the incentive payment to be recovered were an amount of income tax repaid to that individual which ought not to have been repaid to him.

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- (a) Sections 8 and 9 were substituted by section 90(1) of the Finance Act 1990 (c. 29). Section 8 was amended by section 178(1) of the Finance Act 1994 (c. 9), section 104 of the Finance Act 1995 (c. 4) and section 121 of the Finance Act 1996 (c. 8). Section 9 was amended by section 179 of the Finance Act 1994, Part VIII(14) of Schedule 29 to the Finance Act 1995, section 122 of the Finance Act 1996 and section 98(2) of the Finance Act 1998 (c. 36).
  - (b) Sections 59A and 59B were inserted by sections 192 and 193 of the Finance Act 1994. Section 59A was amended by section 108 of the Finance Act 1995 and section 126(1) of, and paragraph 2 of Schedule 18 to, the Finance Act 1996. Section 59B was amended by section 115(6) of the Finance Act 1995 and sections 122(2), 125(4), 126(2) and 127 of the Finance Act 1996.
  - (c) Section 30 was substituted by section 149(1) of the Finance Act 1982 (c. 39). Section 30 was relevantly amended by section 149(3)(a) of the Finance Act 1989 (c. 26), paragraph 4(2) of Schedule 19 to the Finance Act 1994 and paragraph 13 of Schedule 19 to the Finance Act 1998.
  - (d) Section 30A was inserted by paragraph 5 of Schedule 19 to the Finance Act 1994.

(6) The Board may give a direction relating to appeals against notices under paragraph (3) and appeals against assessments made in pursuance of paragraph (5).

#### **Incentive payment—return under regulation 43 of the Employments Regulations**

4.—(1) The Board may make an incentive payment in the amount of £50 to any employer who—

- (a) renders a return under regulation 43(a) of the Employments Regulations for a year of assessment using electronic communications, and
- (b) satisfies the conditions specified in any direction given by the Board under paragraph (2).

(2) The Board may give a direction specifying any or all of the following conditions—

- (a) a condition that the year of assessment for which the return is to be rendered is one specified in the direction,
- (b) a condition specifying the form of electronic communication by which the return is to be rendered,
- (c) a condition that the employer by whom the return is to be rendered is one who is authorised to use the form of electronic communication specified in the direction,
- (d) a condition that at least one of the payments made by the employer under regulation 40 or 41 of the Employments Regulations(b) in the year of assessment concerned is made using one of the forms of electronic payment specified in the direction,
- (e) a condition that the return is rendered by the employer, or by an agent of the employer authorised to render the return, using the form of electronic communication specified in the direction,
- (f) a condition that, where the return is rendered by the employer's agent on the employer's behalf—
  - (i) the employer has registered on line to use the form of electronic communication specified in the direction,
  - (ii) the employer has used that form of electronic communication to notify the Board of his agent's name and address, and
  - (iii) his agent is authorised by him to render the return on his behalf and to use that form of electronic communication,
- (g) a condition that the return is rendered not later than the end of the period mentioned in regulation 43(1) of the Employments Regulations,
- (h) a condition that each of the payments required to be made by the employer under regulation 40 or 41 for the year of assessment concerned is made not later than the end of the period mentioned in regulation 40(1) or, as the case may be, regulation 41(1).

(3) Where an officer of the Board considers that the employer has failed to satisfy one or more of the conditions specified in the direction, he may give notice to the employer that the conditions are not met or, where the incentive payment has already been authorised or made, notice withdrawing the incentive payment.

(4) When prior to the giving of a notice under paragraph (3) an incentive payment has already been made to the employer, an officer of the Board may recover the amount of the incentive payment in accordance with paragraph (5).

(5) For the purposes of paragraph (4), subsections (1), (4), (5) and (6) of section 30 of the Management Act and section 30A of that Act shall apply as if the amount of the incentive payment to be recovered were an amount of income tax repaid to a person which ought not to have been repaid to him.

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(a) Regulation 43 was amended by regulation 14 of S.I. 1998/2484.

(b) Regulation 40 was amended by regulation 6 of S.I. 1993/2276. Regulation 41 was amended by regulation 7 of S.I. 1993/2276 and regulation 2 of S.I. 2000/1152.

(6) The Board may give a direction relating to appeals against notices under paragraph (3) and appeals against assessments made in pursuance of paragraph (5).

**Incentive payment—return of payments of tax credit**

5.—(1) The Board shall make an incentive payment in the amount of £50 to any employer who—

- (a) pays tax credit to one or more of his employees during a year of assessment,
- (b) in accordance with regulation 6(7) of the Tax Credits (Payment by Employers) Regulations 1999<sup>(a)</sup> records on the certificate contained in a return under regulation 43 of the Employments Regulations the total tax credit paid to his employees for that year,
- (c) renders that return using electronic communications, and
- (d) satisfies the conditions specified in any direction given by the Board under paragraph (2).

(2) The Board may give a direction specifying any or all of the following conditions—

- (a) a condition that the year of assessment for which the return is to be rendered is one specified in the direction,
- (b) a condition specifying the form of electronic communication by which the return is to be rendered,
- (c) a condition that the employer by whom the return is to be rendered is one who is authorised to use the form of electronic communication specified in the direction,
- (d) a condition that the employer satisfies each of the conditions specified in a direction made under regulation 4(2) of these Regulations,
- (e) a condition that the employer has paid tax credit in the year of assessment concerned in accordance with regulation 6 of the Tax Credits (Payment by Employers) Regulations 1999 (obligation to pay tax credit on paying emoluments to employees entitled to tax credit).

(3) Where an officer of the Board considers that the employer has failed to satisfy one or more of the conditions specified in the direction, he may give notice to the employer that the conditions are not met or, where the incentive payment has already been authorised or made, notice withdrawing the incentive payment.

(4) Where prior to the giving of a notice under paragraph (3) an incentive payment has already been made to the employer, an officer of the Board may recover the amount of the incentive payment in accordance with paragraph (5).

(5) For the purposes of paragraph (4), subsections (1), (4), (5) and (6) of section 30 of the Management Act and section 30A of that Act shall apply as if the amount of the incentive payment to be recovered were an amount of income tax repaid to a person which ought not to have been repaid to him.

(6) The Board may give a direction relating to appeals against notices under paragraph (3) and appeals against assessments made in pursuance of paragraph (5).

*Tim Flesher*  
*Dave Hartnett*

11th January 2001

Two of the Commissioners of Inland Revenue

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(a) S.I. 1999/3219.

## EXPLANATORY NOTE

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

These Regulations provide for incentive payments to be made to individuals and employers who submit returns to the Inland Revenue using electronic communications.

Regulation 1 provides for citation and commencement and regulation 2 for interpretation.

Regulation 3 provides that an incentive payment of £10 shall be made to an individual who submits a personal return under section 8 of the Taxes Management Act 1970 and satisfies certain conditions that may be imposed in a direction to be given by the Board of Inland Revenue (“the Board”). The regulation also provides for withdrawal and recovery of the incentive payment where not all of the conditions are satisfied by the individual.

Regulation 4 provides that an incentive payment of £50 shall be made to an employer who submits an end of year PAYE return using electronic communications. As with regulation 3, certain conditions may be imposed in a direction to be given by the Board and the regulation provides for withdrawal and recovery of the incentive payment where not all of the conditions are satisfied by the employer.

Regulation 5 provides that an incentive payment of £50 shall be made to an employer who pays working families’ tax credit or disabled person’s tax credit to one or more of his employees and submits by means of electronic communications an end of year PAYE return recording the total tax credit paid to his employees in the year. As with regulations 3 and 4, certain conditions may be imposed in a direction to be given by the Board and the regulation provides for withdrawal and recovery of the incentive payment where not all of the conditions are satisfied by the employer.

The directions referred to above will be made in February (regulation 3 direction) and April (regulations 4 and 5 directions) 2001. Copies of the directions will be available on the Inland Revenue website at [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk) or may be obtained from Fatima Chowdhury, Inland Revenue Cross-Cutting Policy, Room 439, 22 Kingsway, London WC2B 6NR.

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