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STATUTORY INSTRUMENTS

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**2003 No. 2682**

**The Income Tax (Pay As You Earn) Regulations 2003**

**PART 7**

**SPECIAL CASES**

**CHAPTER 3**

**HOLIDAY PAY FUNDS**

**Interpretation of Chapter 3**

**134.** In this Chapter—

“fund” means a person who pays holiday pay—

- (a) to an individual who is not employed by the person, or
- (b) in respect of such an individual who has died;

“holiday pay” means—

- (a) any payment received by an individual in exchange for a voucher, stamp or similar document purchased by a person who employs (or employed) that individual for any holiday period, or
- (b) if such an individual has died, any payment received by a person claiming in respect of that individual’s right to such a payment;

“recipient” means a person who is paid holiday pay.

**Application of other Parts**

**135.**—(1) Parts 2 (codes) and 3 (deduction and repayment of tax) do not apply to holiday pay.

(2) The rest of these Regulations apply as if the Inland Revenue had issued the basic rate code in respect of holiday pay.

**Deduction of tax**

**136.** On making any payment of holiday pay to a recipient, a fund must deduct income tax at the basic rate in force at the time the payment is made.

**Certificate of tax deducted**

**137.**—(1) On making any payment of holiday pay, a fund must give the recipient a certificate showing the following particulars.

(2) The particulars are—

- (a) the recipient’s name,
- (b) the recipient’s national insurance number, if known,

- (c) the tax year in which the payment is made,
- (d) the date of the payment,
- (e) the amount of the payment, and
- (f) the amount of tax deducted on making the payment.

**Repayment to recipient during tax year**

**138.**—(1) A fund must not repay tax deducted from a payment of holiday pay to a recipient.

(2) If a recipient applies for a repayment of tax deducted from holiday pay, the Inland Revenue may make such repayment at any time during the tax year as may be appropriate.

(3) In deciding what is appropriate the Inland Revenue must have regard to—

- (a) the holiday pay of the recipient for the period from the beginning of the tax year up to and including the date of the application,
- (b) the amount of tax deducted from the holiday pay as evidenced by certificates supplied under regulation 137,
- (c) any entitlement of the recipient to relief from income tax, and
- (d) the recipient’s other PAYE income for the tax year and, unless the recipient objects, the recipient’s income for the tax year from all other sources, and liability to tax on that income, as estimated by the Inland Revenue.

**Particulars that fund must record**

**139.**—(1) A fund must record, in a deductions working sheet, the following particulars about every payment of holiday pay made to a recipient.

(2) The particulars are—

- (a) the recipient’s name,
- (b) the recipient’s national insurance number, if known,
- (c) the tax year to which the deductions working sheet relates,
- (d) the date of the payment,
- (e) the amount of the payment, and
- (f) the amount of tax (if any) deducted on making the payment.

**Other PAYE income of recipient**

**140.** Nothing in this Chapter affects the application of these Regulations to any other PAYE income of a recipient.