
EXPLANATORY NOTE

(This note is not part of the regulations)

These Regulations amend the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682) (“the Principal Regulations”) to require specified employment intermediaries to provide specified information to Her Majesty’s Revenue and Custom (“HMRC”) and to keep and preserve specified information and documents.

Regulation 2(2) inserts definitions of the client, employment intermediary and United Kingdom continental shelf into the Principal Regulations. It also amends the existing definition of agency worker in the Principal Regulations to reflect the changes to section 44 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1).

Regulation 2(3) inserts new regulations 84E to 84H into the Principal Regulations. New regulation 84E provides that employment agencies that place multiple workers with clients other than on the United Kingdom continental shelf and have not, or are not required to deduct income tax at source (PAYE) for some or all of those workers are specified employment intermediaries.

New regulation 84F requires specified employment intermediaries to provide specified information to HMRC at the end of the tax month following each tax quarter. The information specified in regulation 84G must be provided in a form prescribed by HMRC and sent to HMRC by an approved method of electronic communication. Once a return under regulation 84F has been made, the employment intermediary must continue to make returns until either it has not placed any workers for whom it has not, or was not required to operate PAYE for a full tax year, or it notifies HMRC that it is no longer an employment intermediary. A return can be amended until the end of the tax month after the tax quarter following the quarter to which the return relates.

New regulation 84G specifies the information that must be provided to HMRC where a specified employment agency is required to make a return.

New regulation 84H provides that specified employment intermediaries must retain documents and information which evidence the information that the specified employment intermediary is required to provide to HMRC under the new regulation 84F is correct.

A Tax Information and Impact Note covering this instrument was published on 10th December 2014 and is available at <https://www.gov.uk/government/publications/onshore-intermediaries-false-self-employment>. It remains an accurate summary of the impacts that apply to this instrument.