

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 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.

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 United Kingdom continental shelf and are not required to operate PAYE for some or all of those workers are specified employment intermediaries.

New regulation 84F requires specified employment intermediaries to provide specified information to Her Majesty’s Revenue and Customs (“HMRC”) at the end of 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 whom for it was not required to operate PAYE for three consecutive tax years, or it notifies HMRC that it is no longer an employment intermediary. A return can be amended until 30 days after the tax quarter following the quarter to which it 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.