

2016 No. ***

INCOME TAX

**The Income Tax (Pay As You Earn) (Amendment No. X)
Regulations 2016**

<i>Made</i>	- - - -	***
<i>Laid before Parliament</i>		***
<i>Coming into force</i>	- -	***

These Regulations are made by the Commissioners for Her Majesty's Revenue and Customs in exercise of the powers conferred by section 684(1) and (2) of the Income Tax (Earnings and Pensions) Act 2003(a), and now exercisable by them(b).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Income Tax (Pay As You Earn) (Amendment No. X) Regulations 2016 and come into force on ***.

(2) These Regulations have effect in relation to non-cash vouchers received, and credit-tokens used, on or after 6th April 2017(c).

Amendment of the Income Tax (Pay As You Earn) Regulations 2003

2. The Income Tax (Pay As You Earn) Regulations 2003(d) are amended as follows.

Amendment of regulation 61A

3. In regulation 61A (interpretation), for the definition of “specified benefit” substitute—

““specified benefit” means any benefit treated as earnings under the following provisions of Part 3 of ITEPA(e) (employment income: earnings and benefits etc. treated as earnings)—

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- (a) 2003 c. 1. Section 684 of the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”) has been relevantly amended by section 145 of the Finance Act 2003 (c. 14), paragraphs 102(1),(2) and 117 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) (“CRCA”), section 94(3) of the Finance Act 2006 (c. 25), paragraphs 2 to 7 of Schedule 58 to the Finance Act 2009 (c. 10), section 85(2) of the Finance Act 2011 (c. 11), section 225 of, and paragraph 5(4) of Schedule 1 to, the Finance Act 2012 (c. 14), section 17(2) of the Finance Act 2015 (c. 11), section *** of the Finance Act 2016 (c. ***) and S.I. 2014/992.
- (b) The powers of the Board of Inland Revenue under section 684 of ITEPA were transferred to the Commissioners for Revenue and Customs by paragraph 102(2) of Schedule 4 to CRCA. Section 50(1) of that Act provides that, in so far as appropriate, in consequence of section 5 a reference in an enactment, instrument or other document to the Commissioners of Inland Revenue (however expressed) shall be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.
- (c) Non-cash vouchers and credit tokens are defined by sections 84 and 92 of the Income Tax (Earnings and Pensions) Act 2003.
- (d) S.I. 2003/2682 (“the principal Regulations”); relevantly amended by 2015/1927.
- (e) ITEPA is defined in the principal Regulations as meaning the Income Tax (Earnings and Pensions) Act 2003. Section 87 of ITEPA has been amended by paragraph 2(3) of Schedule 13 to the Finance Act 2004 (c. 12) and paragraph 50(2) of Part 7 of Schedule 39 to the Finance Act 2012. Chapter 6 of Part 3 of ITEPA has been amended by s138(4) of the Finance Act 2003 (c. 14); Schedule 14 and Schedule 42 to the Finance Act 2004 (c. 12); section 59 of the Finance Act 2006 (c. 25); section 51 of, and Schedule 28 to, the Finance Act 2009 (c. 10); section 58 and section 59 of the Finance Act 2010 (c. 13); section 51(1) of the Finance Act 2011 (c. 11); section 14 and section 17(1) of the Finance Act 2012 (c. 14); SI 2012/266; section 23 of the

- (a) section 87 (non-cash vouchers) except where section 694 (non-cash vouchers: treated as payments of PAYE income) applies,
- (b) section 94 (credit-tokens) except where section 695 (credit-tokens: treated as payments of PAYE income) of ITEPA applies,
- (c) Chapter 6 (cars, vans and related benefits), or
- (d) Chapter 10 (residual liability to charge);”

Amendment of regulation 61G

4. In the heading to regulation 61G (method of calculating the cash equivalent), before “employment-related benefits” insert “non-cash vouchers, credit-tokens and”.

5. In regulation 61G(1)—

- (a) before “any” insert “a non-cash voucher, credit-token or”, and
- (b) for “section” substitute “sections 87, 94 or”.

Amendment of regulation 61I

6. In regulation 61I(2) (modification of the general rule: in-year adjustments: change to benefit during the year with effect from the date of change), in paragraph (a) of step 1 after “sections” insert “87, 94,”.

	<i>Name</i>
	<i>Name</i>
Date	Two of the Commissioners for Her Majesty’s Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Income Tax (Pay As You Earn) Regulations 2003 (“the principal Regulations”) which make provision for the assessment, charge, collection and recovery of income tax in respect of pay as you earn income (“PAYE income”).

Chapter 3A (Benefits in Kind) of Part 3 of the principal Regulations (Deductions and repayments of tax), sets out a scheme to authorise employers to deduct tax from employees’ pay in respect of certain benefits in kind that they provide to their employees through PAYE.

These Regulations amend regulations 61A, 61G and 61I of the principal Regulations so that an employer can payroll the benefit of non-cash vouchers received, and credit-tokens used, by employees from 6 April 2017 onwards. An employer cannot voluntarily payroll the benefit of non-cash vouchers and credit-tokens where those benefits are treated as payments of PAYE income under sections 694 and 695 of the Income Tax (Earnings and Pensions) Act 2003.

A Tax Information and Impact Note covering this instrument was published on 16 March 2016 alongside the draft clauses and explanatory notes for the Finance Bill 2016 and are available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.

Finance Act 2013; section 23(1), section 24 and section 25 of the Finance Act 2014 (c. 26); SI 2014/2896 and sections 7, 8, 9(1), 10 and 13 of, and Schedule 1 to, the Finance Act 2015 (c. 11) and [clauses] 7(2), 7(4), 8, 9 and 11 of the Finance Act 2016]. Chapter 10 of Part 3 of ITEPA has been amended by section 17 of the Finance Act 2005 (c. 2); paragraphs 584 and 590 of Schedule 1 to the Taxation (International and Other Provisions) Act 2010 (c. 5) and paragraphs 297 to 299 of Schedule 8 to the Taxation (International and Other Provisions) Act 2010 (c. 8).