1952 No. 1758

The Income Tax (Employments) (No. 4) Regulations, 1952

Made - - - -	*29th September*, 1952
Laid before the House of Commons	*30th September*, 1952
Coming into Operation	*6th October*, 1952

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by Section 157 of the Income Tax Act, 1952(**a**), hereby make the following Regulations:—

1. These Regulations may be cited as the Income Tax (Employments) (No. 4) Regulations, 1952, and shall come into operation on the 6th day of October, 1952.

2. In these Regulations the expression "the principal Regulations" means the Income Tax (Employments) Regulations, 1950(**b**) as amended by the Income Tax (Employments) (No. 2) Regulations, 1951(**c**) and the Income Tax (Employments) (No. 3) Regulations, 1952(**d**). Other expressions shall have the same meaning as in the principal Regulations.

3. The following definition shall be added to paragraph (1) of Regulation 2 of the principal Regulations:—

"Code card" means a card in the form prescribed by the Commissioners of Inland Revenue bearing the words "code card", on which has been recorded by the Inspector the appropriate code and on which the employer shall record certain particulars as provided in these Regulations.

4. Regulation 9 of the principal Regulations shall have effect as if after the words "tax deduction card" there were inserted the words "or code card".

5. Paragraph (4) of Regulation 10 of the principal Regulations shall have effect as if each time the words "tax deduction card" occur there were inserted after them the words "or code card".

6. Paragraph (2) of Regulation 11 of the principal Regulations shall have effect as if for the words "or the tax deduction card" there were substituted the words "tax deduction card or code card".

7. Regulation 12 of the principal Regulations shall have effect as if after the words "tax deduction card" there were inserted the words "or code card", and the following proviso were inserted at the end thereof:—

"Provided that on receiving the aforesaid notice the employer shall return to the Inspector any code card which he may hold for the employee".

8. The following Regulation shall be inserted after Regulation 12 of the principal Regulations:—

12A. *Code cards.*—(1) The Inspector may, in any case which he considers appropriate, issue to the employer or employee a code card which shall be valid for the term specified thereon or for such shorter term as he shall notify to the employer or employee holding the code card.

(**a**) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.
(**b**) S.I. 1950/453; 1950 I, p. 1069.
(**c**) S.I. 1951/836; 1951 I, p. 1122.
(**d**) S.I. 1952/1004, p. 1219 above.

(2) An employer or employee holding a code card shall return it to the Inspector when it becomes invalid or whenever the Inspector so directs.

(3) For the purpose of Regulations 11 and 12 of the principal Regulations the appropriate code recorded on the code card shall be deemed to have been determined by the Inspector, or the Commissioners, as the case may be, as the appropriate code for each of the years for which the code card is valid.

9. The following Regulations shall be inserted after Regulation 17 of the principal Regulations:—

17A. *Change of employment where code card held.*—(1) If the employer ceases to employ an employee for whom he holds a valid code card Regulation 17 shall not apply but the following shall have effect:—

(*a*) On the day on which the employment ceases the employer shall record on the code card the date and the cumulative emoluments to date and deliver it to the employee, who shall retain it until he commences his next employment.

(*b*) Immediately on commencing his next employment the employee shall deliver the code card to his new employer who shall retain it and prepare a tax deduction card in accordance with the particulars given thereon and the principal Regulations shall have effect as if the tax deduction card had been issued by the Inspector.

(*c*) If the date on which the employee commences his new employment is in the same year as that on which his previous employment ceased the new employer shall record on the tax deduction card the cumulative emoluments at that date.

(*d*) The new employer, on making any payment of emoluments to the employee, shall, subject to the provisions of Regulation 12 of the principal Regulations, deduct or repay tax by reference to the code recorded on the code card in accordance with Regulation 13 of the principal Regulations, and he shall keep the records required by that Regulation, as if any cumulative emoluments shown on the tax deduction card prepared in accordance with sub-paragraphs (*b*) and (*c*) above represented emoluments paid to the employee by the new employer.

(*e*) If the employee objects to the disclosure to his new employer of his aforesaid cumulative emoluments he may deliver the code card to the Inspector before he commences his new employment and the Inspector may issue a tax deduction card in respect of the employee to the new employer and direct that Regulation 16 of the principal Regulations shall apply to all payments of emoluments which the new employer makes to the employee.

(*f*) If the employee objects to the disclosure to his new employer of details of his pay in each of his previous employments but not of his aforesaid cumulative emoluments he may deliver the code card to the Inspector before he commences his new employment and the Inspector may issue a new code card showing the aforesaid cumulative emoluments but omitting the aforesaid details.

(2) If at the date of leaving there is cumulative tax to date or the employee is about to enter employment in or with the armed forces of the Crown or in any of the Women's Services mentioned in the Tenth Schedule to the Income Tax Act, 1952, as amended by Section 16 of the Finance Act, 1952(a), paragraph (1) of this Regulation shall not have effect but

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 33.

the employer shall send the code card to the Inspector when he sends the certificate referred to in paragraph (1) of Regulation 17 of the principal Regulations.

17B. *Employer holding code card on last day of year.*—If on the last day of the year the employer holds a valid code card for an employee he shall prepare a tax deduction card for the next year in accordance with the particulars given on the code card, and on making any payment of emoluments to the employee in that year deduct or repay tax and keep the appropriate records in accordance with the principal Regulations, which shall have effect as if the tax deduction card had been issued by the Inspector and, subject to the provisions of Regulation 12 of the principal Regulations, the appropriate code were the code recorded on the code card.

10. Regulation 18 of the principal Regulations shall have effect as if the following paragraph were inserted at the end thereof:—

"(3) If the employer holds a code card for the employee he shall send it to the Inspector when he sends the certificate referred to in paragraph (1) of this Regulation".

11. Paragraph (6) of Regulation 19 of the principal Regulations shall have effect as if the following sub-paragraph were inserted at the end thereof:—

"(*e*) the employee on commencing employment has delivered to his employer a valid code card".

12. Paragraph (1) of Regulation 29 of the principal Regulations shall have effect as if the following were inserted at the end thereof:—

"In the case of an employee in respect of whom net tax has been deducted and a code card is held the employer shall send the code card to the Collector when he sends the aforesaid return".

13. Paragraph (2) of Regulation 29 of the principal Regulations shall have effect as if for the words "paragraph (3) of Regulation 17 during that year" there were substituted the words "paragraph (3) of Regulation 17, paragraph (1) of Regulation 17A or Regulation 17B in respect of that year".

14. Paragraph (5) of Regulation 29 of the principal Regulations shall have effect as if after the words "Regulation 17" there were inserted the words "paragraph (1) of Regulation 17A or Regulation 17B".

15. Paragraph (2) of Regulation 33 of the principal Regulations shall have effect as if after the words "Regulation 17" there were inserted the words "or Regulation 17A".

By Order of the Commissioners of Inland Revenue.

R. Willis,
Secretary.

29th September, 1952.

EXPLANATORY NOTE

(*This Note is not part of the Regulations, but is intended to indicate their general purport.*)

These Regulations provide for a new method of notifying employers (by "code cards") of the codes of certain employees and of the cumulative pay in their previous employment. Code cards will reduce work in Tax Offices in dealing with employees who although their rates of pay are sufficiently high to bring them within the Pay As You Earn scheme, are not liable to pay Income Tax by reason of the size of their personal allowances.