PAY AS YOU EARN

The Income Tax (Employments) Regulations, 1950

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The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 2 of the Income Tax (Employments) Act, 1943(**a**), and section 30 of the Finance Act, 1946(**b**), hereby make the following Regulations:—

PART I. GENERAL

1. *Citation, commencement and revocations.*—(1) These Regulations may be cited as the Income Tax (Employments) Regulations, 1950, and shall come into operation on the sixth day of April, 1950.

(2) The Income Tax (Employments) Regulations, 1944(**c**), the Income Tax (Employments) (No. 2) Regulations, 1944(**d**), the Income Tax (Employments) (No. 3) Regulations, 1945(**e**), the Income Tax (Employments) (No. 4) Regulations, 1946(**f**), the Income Tax (Employments) (No. 5) Regulations, 1947(**g**), the Income Tax (Employments) (No. 6) Regulations, 1948(**h**), the Income Tax (Employments) (No. 7) Regulations, 1948(**i**), the Income Tax (Employments) (No. 8) Regulations, 1948(**j**), and the Income Tax (Employments) (No. 9) Regulations, 1948(**k**), shall cease to have effect as from the sixth day of April, 1950, except as respects obligations incurred before that date.

(**a**) 6 & 7 Geo. 6. c. 45.
(**b**) 9 & 10 Geo. 6. c. 64.
(**c**) S.R. & O. 1944 (No. 251) I, p. 333.
(**d**) S.R. & O. 1944 (No. 1015) I, p. 353.
(**e**) S.R. & O. 1945 (No. 365) I, p. 711.
(**f**) S.R. & O. 1946 (No. 458) I, p. 866.
(**g**) S.R. & O. 1947 (No. 582) I, p. 1049.
(**h**) S.R. & O. 1947 (No. 1295) I, p. 1053.
(**i**) S.I. 1948 (No. 464) I, p. 1611.
(**j**) S.I. 1948 (No. 1519) I, p. 1612.
(**k**) S.I. 1948 (No. 1819) I, p. 1613.

2. *Interpretation.*—(1) In these Regulations, unless the context otherwise requires—

" code " means any part of the tax tables in which all the amounts of free emoluments for any period have been calculated on the basis of the same total amount for the whole year ;

" Collector " means a Collector of Taxes ;

" cumulative emoluments ", in relation to any date, means the sum of all payments of emoluments made by the employer to the employee from the beginning of the year up to and including that date ;

" cumulative free emoluments ", in relation to any date, means the sum of the free emoluments from the beginning of the year up to and including that date ;

" cumulative tax " means the tax due in accordance with the appropriate tax tables in respect of any cumulative taxable emoluments at the relevant date ;

" cumulative taxable emoluments ", in relation to any date, means the cumulative emoluments reduced by the cumulative free emoluments ;

" emoluments " means emoluments assessable to income tax under Schedule E, and references to payments of emoluments include references to payments on account of emoluments ;

" employee " means any person in receipt of emoluments ;

" employer " means any person paying emoluments, whether on his own account or on behalf of another person ;

" free emoluments ", in relation to any individual, means the appropriate amount of his emoluments which qualifies for relief from income tax, inclusive of earned income relief thereon, but exclusive of reduced rate relief ;

" income tax month " means the period beginning on the sixth day of any calendar month and ending on the fifth day of the following calendar month ;

" Inspector " means an Inspector of Taxes ;

" reliefs from income tax " includes allowances and deductions ;

" tax deduction card " means a tax deduction card in the form prescribed by the Commissioners of Inland Revenue or such other document corresponding to a tax deduction card as may be authorised by those Commissioners in any particular case ;

" tax tables " means the tax tables prepared by the Commissioners of Inland Revenue under section 2 of the Income Tax (Employments) Act, 1943, and " simplified tax tables " means such of the said tax tables as are prescribed by those Commissioners for use where, under Regulations 20 and 21, tax is deductible without reference to cumulative emoluments and cumulative tax ;

" taxable emoluments " means emoluments reduced by free emoluments ;

" total net tax deducted " means, in relation to the emoluments paid to any employee during any period, the total tax deducted from those emoluments less any tax repaid to the employee ;

" year " means year of assessment ;

other expressions have the same meaning as in the Income Tax Acts.

(2) The Interpretation Act, 1889(a), shall apply to these Regulations as it applies to an Act of Parliament.

(a) 52 & 53 Vict. c. 63.

(3) In relation to tax liable, under the Income Tax (Employments) Regulations, 1944 (as amended by any Regulations mentioned in Regulation 1 of these Regulations), to be deducted from emoluments paid in the year 1949-50, these Regulations shall have effect as if the tax had been liable to be deducted under these Regulations and accordingly references to any provision of these Regulations shall, where the context so requires, be construed as references to the corresponding provision of the Income Tax (Employments) Regulations, 1944 (as amended as aforesaid).

3. *Intermediate employers.*—(1) Where an employee works under the general control and management of a person who is not his immediate employer, that person (referred to hereafter in this Regulation as " the principal employer ") shall be deemed to be the employer for the purpose of these Regulations, and the immediate employer shall furnish the principal employer with such particulars of the employee's emoluments as may be necessary to enable the principal employer to comply with the provisions of these Regulations.

(2) If the employee's emoluments are actually paid to him by the immediate employer—

(*a*) the immediate employer shall be notified by the principal employer of the amount of tax to be deducted or repaid when the emoluments are paid to the employee, and shall deduct or repay the amount so notified to him accordingly ; and

(*b*) the principal employer shall make a corresponding deduction or addition on making to the immediate employer the payment out of which the said emoluments will be paid.

4. *Powers of Inspector and Collector.*—Anything which is authorised or required by these Regulations to be done by the Inspector or Collector shall be done by such Inspector or Collector respectively as the Commissioners of Inland Revenue may direct.

5. *Service by post.*—Any notice or tax deduction card which is authorised or required to be given, served or issued under these Regulations may be sent by post.

PART II. CODING

6. *Deduction and repayment of tax under appropriate code.*—Every employer, on making any payment of emoluments during any year to any employee in respect of whom a tax deduction card has been issued to him for that year by the Inspector, shall deduct or repay tax in accordance with these Regulations by reference to the appropriate code, which shall be specified on the tax deduction card.

7. *Determination of appropriate code by Inspector.*—(1) The appropriate code shall be determined by the Inspector, who for that purpose may have regard to any of the following matters, namely—

(*a*) the reliefs from income tax to which the employee is entitled for the year in which the code is determined, so far as his title to those reliefs has been established at the time of the determination:

Provided that, where the code is determined before the beginning of the year for which it is to have effect, the Inspector shall disregard any such relief if he is not satisfied that the employee will be entitled to it for that year ;

(*b*) any income of the employee (other than the emoluments in relation to which the appropriate code is being determined), the tax on which for the year for which the code is to have effect will be reduced by any relief;

(*c*) any tax overpaid for any previous year, including a year before the year 1944-45, which has not been repaid;

(*d*) any tax remaining unpaid for any previous year, including a year before the year 1944-45, which is not otherwise recovered;

(*e*) such other adjustments as may be necessary to secure that, so far as possible, the tax in respect of the employee's emoluments for the year for which the code is to have effect shall be deducted from the emoluments paid during that year.

(2) The Inspector may disregard part or all of any expenses in respect of which the employee is entitled to relief from income tax if it is impracticable to take account of all those expenses in determining the appropriate code, and where he does so he shall direct the employer to disregard an equivalent amount of the employee's emoluments in calculating the tax to be deducted or repaid when any payment of emoluments is made to the employee.

8. *Coding at standard rate or where no tax is deductible.*—(1) The Inspector may determine that tax shall be deducted at the standard rate from any emoluments if—

(*a*) all the reliefs from income tax to which the employee is entitled will go to reduce the tax on income of his other than those emoluments; or

(*b*) the reliefs which will go to reduce the tax on those emoluments are offset by an adjustment in respect of tax remaining unpaid for a previous year.

(2) The Inspector may determine that no tax shall be deducted from any emoluments if—

(*a*) the emoluments will be included in an assessment under Schedule D; or

(*b*) the Inspector is not satisfied that the emoluments will be chargeable to tax.

(3) Where the Inspector has determined that tax shall be deducted at the standard rate, or that no tax shall be deducted, he shall be deemed to have determined the appropriate code, and all the provisions of these Regulations which relate to objections and appeals against the Inspector's determination, or to deduction of tax by reference to the appropriate code, or to the specification of the appropriate code in any tax deduction card, return or certificate, shall, with the necessary modifications, have effect accordingly.

9. *Notices of coding.*—After the Inspector has determined the appropriate code for any year, he shall, if the code so determined is different from the code for the preceding year, give notice of his determination to the employee before the tax deduction card is issued to the employer.

10. *Objections and appeals against coding.*—(1) If the employee is aggrieved by the Inspector's determination he may give notice of objection to the Inspector, stating the grounds of his objection, within twenty-one days of the date on which the determination was notified to him.

(2) On receipt of the notice of objection the Inspector may amend his determination by agreement with the employee, and in default of such agreement the employee, on giving notice to the Inspector, may appeal to the General Commissioners for the division in which the appropriate code was determined or to the General Commissioners for the division in which he resides or, in Northern Ireland or in the case of a non-resident employee, to the Special Commissioners.

(3) The General or Special Commissioners on appeal shall determine the appropriate code having regard to the same matters as the Inspector may have regard to when the appropriate code is determined by him, and, subject to the provisions of Regulation 11, their determination shall be final.

(4) The tax deduction card may be issued to the employer, and the appropriate code as determined by the Inspector may be specified thereon, notwithstanding that the Inspector's determination is the subject of an objection or appeal, and where the tax deduction card is so issued the employer shall deduct or repay tax by reference to that code.

11. *Amendments of coding.*—(1) If a code is found not to be appropriate because the actual circumstances are different from the circumstances by reference to which it was determined by the Inspector or the Commissioners, the Inspector may, and if so required by the employee shall, amend the previous determination by reference to the actual circumstances.

(2) After the Inspector has amended the determination of the code, he shall give notice of the amended determination to the employee not later than the date on which the notice under Regulation 12, or the tax deduction card, as the case may be, is issued to the employer.

(3) The provisions of Regulation 10 regarding objections and appeals shall apply in relation to the amended determination as they applied in relation to the previous determination.

12. *Notice to employer of amended coding.*—Where a determination of the Inspector or the Commissioners is amended after the tax deduction card has been issued, the Inspector shall give notice to the employer specifying the code appropriate to the employee's case under the amended determination, and, on making any payment of emoluments to the employee after the receipt of the said notice, the employer shall deduct or repay tax by reference to that code.

PART III. DEDUCTION AND REPAYMENT OF TAX

13. *Calculation of deduction or repayment.*—(1) On the occasion of any payment of emoluments to the employee, the employer, except where these Regulations otherwise provide, shall ascertain the cumulative emoluments of the employee at the date of the payment, the cumulative free emoluments, the cumulative taxable emoluments, and the corresponding cumulative tax.

(2) If the said cumulative tax exceeds the cumulative tax corresponding to the employee's cumulative emoluments at the date of the last preceding payment of emoluments (hereafter in this Regulation referred to as " the previous cumulative tax "), the employer shall deduct the excess from the emoluments on making the payment in question.

(3) If the said cumulative tax is less than the previous cumulative tax, the employer shall repay the difference to the employee on making the payment in question.

(4) If the said cumulative tax is equal to the previous cumulative tax, no tax shall be either deducted or repaid when the payment in question is made.

(5) Where the payment in question is the first payment in the year, paragraphs (2), (3) and (4) of this Regulation shall not apply, but the employer shall deduct the said cumulative tax from the emoluments on making the payment in question.

(6) The employer shall record, either on the tax deduction card or in such other form as may be authorised by the Commissioners of Inland Revenue, the following particulars regarding every payment of emoluments which he makes to the employee, namely—

(*a*) the date of the payment ;

(*b*) the gross amount of the emoluments ;

(*c*) the cumulative emoluments in relation to the said date ;

(*d*) the cumulative free emoluments in relation to that date ;

(*e*) the cumulative taxable emoluments in relation to that date ;

(*f*) the corresponding cumulative tax ; and

(*g*) the amount of tax, if any, deducted or repaid on making the payment.

(7) Where the Inspector determines that tax shall be deducted at the standard rate from any emoluments, or that no tax shall be deducted therefrom, the foregoing provisions of this Regulation shall not apply, but the employer shall deduct tax at the standard rate, or shall deduct no tax, as the case may require, without regard to the employee's cumulative emoluments or the corresponding cumulative tax, and, where tax is deductible at the standard rate, shall record the date of the payment, the gross amount of the emoluments and the amount of tax deducted therefrom:

Provided that, where the Inspector's determination that no tax shall be deducted is an amended determination, the employer shall, if the Inspector so directs, make any repayment of tax which may be due by reference to the employee's cumulative emoluments and the corresponding cumulative tax, and shall record the particulars prescribed in paragraph (6) of this Regulation.

14. *Emoluments not paid weekly or monthly.*—Where emoluments are paid at regular intervals other than regular intervals of a week or a month, any payment of such emoluments shall be deemed for the purposes of these Regulations to be made on the date on which it would have been made if a payment had been made on the last day of the preceding year:

Provided that the employer shall record the actual date of every such payment.

15. *Subsidiary emoluments of employee paid monthly, etc.*—(1) If the employer makes a payment in respect of overtime or other extra earnings to an employee whose main emoluments are paid monthly, and that payment is made at an earlier date in the income tax month than the date on which the main emoluments are paid, the employer shall repay no tax to the employee on the occasion of that payment, notwithstanding that tax may be repayable under the provisions of Regulation 13, but in such a case Regulation 13 shall have effect as if that payment was made on the same date in that income tax month as the date on which the main emoluments are paid.

(2) The foregoing provisions of this Regulation shall apply with the necessary modifications to payments in respect of overtime or other extra earnings which are made to an employee whose main emoluments are paid at intervals greater than a month.

16. *Deduction in special cases.*—(1) This Regulation applies to—

(*a*) payments of emoluments made on the 4th or 5th April in a leap year or on the 5th April in any other year to an employee who is paid weekly ;

(*b*) payments of emoluments made to an employee after he has ceased to be employed by the person making the payment ; and

(*c*) any other payments of emoluments made to any employee to which the Inspector directs that this Regulation shall apply.

(2) Regulation 13 shall not apply to payments of emoluments to which this Regulation applies, and on making any such payment the employer shall deduct therefrom, by reference to the appropriate code, the amount of tax which would have been deductible therefrom if the payment had been made on the preceding 6th April.

(3) On making any such payment as aforesaid the employer shall record, either on the tax deduction card or in such other form as may be authorised by the Commissioners of Inland Revenue, the date of the payment, the gross amount of the emoluments, the free emoluments for the appropriate code, the taxable emoluments, and the amount of tax, if any, deducted on making the payment.

17. *Change of employment.*—(1) If the employer ceases to employ an employee in respect of whom a tax deduction card has been issued to him, he shall forthwith send to the Inspector a certificate on the prescribed form containing the following particulars, namely—

(*a*) the name of the employee ;

(*b*) any number used to identify the employee ;

(*c*) the date on which the employment ceased ;

(*d*) the code appropriate to the employee's case ;

(*e*) the week or income tax month in which the last payment of emoluments was made to the employee, or in a case falling within Regulation 14 was deemed to be so made, and the cumulative emoluments at the date of that payment ; and

(*f*) the corresponding cumulative tax.

(2) The employer shall make on the prescribed form two copies of the said certificate, and shall deliver them to the employee on the day on which the employment ceases :

Provided that if 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 Sixth Schedule to the Finance Act, 1946, the employer shall send the two copies of the certificate to the Inspector.

(3) Immediately on commencing his next employment the employee shall deliver the two copies of the certificate to his new employer, who shall, subject to the provisions of paragraph (4) of this Regulation—

(*a*) insert on one copy of the certificate the address of the employee, any number used to identify him, and the date on which the employment commenced, and forthwith send that copy to the Inspector by whom tax deduction cards are ordinarily issued to him ;

(*b*) prepare a tax deduction card in accordance with the particulars given in the copies of the certificate and record on the card the cumulative free emoluments and the corresponding cumulative tax as at the week or month shown in the copies of the certificate; and

(*c*) on making any payment of emoluments to the employee, deduct or repay tax by reference to the appropriate code in accordance with Regulation 13, and keep the records required by that Regulation, as if the cumulative emoluments and cumulative tax shown on the tax deduction card prepared in accordance with subparagraph (*b*) represented emoluments paid to the employee by the new employer and tax deducted by him:

Provided that, if tax is repayable on the occasion of the first such payment and the amount repayable exceeds five pounds, the new employer shall forthwith notify the Inspector and shall not make the repayment until authorised to do so by the Inspector.

(4) Where the two copies of the certificate show that the last payment of emoluments was in the year preceding that in which the new employment commences, the new employer shall—

(*a*) if the date of the commencement of the new employment is within the first three weeks of the year, comply with the provisions of paragraph (3) of this Regulation with the modification that he shall deduct or repay tax without taking into account the cumulative emoluments and cumulative tax shown on the copies of the certificate;

(*b*) in any other case, comply with the provisions of subparagraph (*a*) of paragraph (3) of this Regulation, but deduct tax from each payment of emoluments made by him to the employee, and keep records on the prescribed card, as if those payments had been payments to which paragraph (2) of Regulation 19 applies.

(5) If the new employer ceases to employ the employee he shall comply with the provisions of paragraphs (1) and (2) of this Regulation as if a tax deduction card in respect of the employee had been issued to him by the Inspector.

(6) If the employee objects to the disclosure to his new employer of his aforesaid cumulative emoluments, he may deliver the two copies of the certificate 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 shall apply to all payments of emoluments which the new employer makes to the employee.

(7) Retirement on pension shall not be treated as a cessation of employment for the purposes of this Regulation if the emoluments are paid by the same person both before and after the retirement.

18. *Death of employee.*—(1) On the death of an employee in respect of whom a tax deduction card has been either issued by the Inspector or prepared by the employer under paragraph (3) of Regulation 17 or to whom the provisions of paragraph (2) of Regulation 19 apply, the employer shall forthwith send to the Inspector the certificate (relating to cessation of employment) mentioned in paragraph (1) of Regulation 17 or the certificate mentioned in paragraph (4) of Regulation 19, as the case may require, together with the two copies of the said certificate mentioned in paragraph (2) of the said Regulation 17, and shall insert thereon the name and address of the personal representative of the deceased employee, if they are known to him.

(2) If any emoluments are paid by the employer after the date of the employee's death in respect of his employment with him, the employer shall, on making any such payment, deduct or repay tax as if the deceased employee was still in his employment at the date of the payment, and—

(*a*) if the amount of those emoluments and the date on which they will be paid are known to him at the time he completes the certificate mentioned in paragraph (1) of this Regulation, he shall include thereon the amount of the emoluments, the date on which they will be paid, and the amount of tax which will be deducted or repaid, and

(*b*) in any other case, he shall indicate on the certificate that a further payment of emoluments will be made by him.

19. *Employee for whom tax deduction card not held.*—(1) If the employer makes any payment of emoluments to an employee in respect of whom he has not received a tax deduction card from the Inspector and that payment is equivalent to emoluments at a rate of £3 or more a week, or, in the case of a new employee with other employment, a rate exceeding £1 a week, the employer, on the occasion of the first such payment, shall forthwith render a return to the Inspector giving the name and address of the employee, the date on which his employment commenced, and such other particulars as may be necessary to secure the issue of the appropriate tax deduction card.

(2) If the said payment is the first payment of emoluments made by the employer to the employee during the year and is equivalent to emoluments at a rate of £3 or more a week, the employer on making it shall also deduct tax and keep records on the prescribed card as if the payment was one to which Regulation 16 applied, with the exception that the amounts of the free emoluments and taxable emoluments shall not be recorded on the prescribed card, and shall do likewise on making any subsequent payment of emoluments to the employee until a tax deduction card in respect of the employee is issued to him by the Inspector.

The appropriate code for the purposes of deduction of tax under this paragraph shall be the code prescribed by the Commissioners of Inland Revenue.

(3) On making any payment of emoluments to the employee after a tax deduction card has been issued in respect of him by the Inspector, the employer shall deduct or repay tax by reference to the appropriate code in accordance with Regulation 13, and shall keep the records required by that Regulation, and for those purposes—

(*a*) any cumulative emoluments entered on the tax deduction card by the Inspector shall be treated as if they represented emoluments paid by the employer; and

(*b*) the cumulative tax before the first payment as aforesaid shall be taken to be the sum of any cumulative tax entered as aforesaid and any tax which the employer was liable to deduct from the employee's emoluments under paragraph (2) of this Regulation.

(4) Where paragraph (2) of this Regulation applies and the employer ceases to employ the employee before a tax deduction card in respect of the employee has been issued to him by the Inspector, Regulation 17 shall apply as if a tax deduction card had been so issued, but subject to the modifications that—

(*a*) the certificate of the employer under that Regulation shall not contain particulars of the cumulative emoluments and cumulative tax; and

(*b*) the new employer, instead of deducting or repaying tax by reference to the cumulative emoluments and cumulative tax, shall deduct tax and keep records in accordance with paragraph (2) of this Regulation.

(5) In the case of an employee who is paid monthly or at longer intervals, the references in this Regulation to a rate of £3 or more a week and a rate exceeding £1 a week shall be treated as references to a rate of £12 10s. 0d. or more a month and a rate exceeding £4 a month respectively.

(6) This Regulation shall not apply where—

(*a*) the employee on commencing employment has delivered to his employer copies of a certificate such as is mentioned in Regulation 17, except to the extent provided in paragraph (4) of this Regulation; or

(*b*) the employee performs the duties of his employment wholly outside the United Kingdom; or

(*c*) the employee is outside the United Kingdom and the emoluments are paid outside the United Kingdom; or

(*d*) the employee is resident outside the United Kingdom and the emoluments consist of a pension:

Provided that if the employer pays a pension, not being a pension arising wholly from an employment carried on abroad, to a person who is resident outside the United Kingdom in respect of whom he has not received a tax deduction card from the Inspector and the payment is equivalent to emoluments at a rate of £3 or more a week, the employer shall, on the occasion of the first such payment, forthwith render a return to the Inspector giving the name and address of the person entitled to the pension, the date on which the pension commenced, and such other particulars as may be necessary to secure the issue of the appropriate tax deduction card.

20. *Employee on fixed pay.*—(1) In the case of an employee who is in receipt of a fixed salary or wage the Inspector may authorise the employer to deduct tax from each payment of emoluments which he makes to the employee by reference only to the amount of that payment, without regard to the cumulative emoluments and cumulative tax, and where the Inspector has so authorised the employer shall deduct tax accordingly by reference to the appropriate taxable emoluments in the simplified tax tables, and shall record on the tax deduction card the date of each such payment, the gross amount of the emoluments, the amount of the free emoluments, the amount of the taxable emoluments, and the amount of tax, if any, deducted on making the payment.

(2) If an employer who has been directed to deduct tax in accordance with paragraph (1) of this Regulation ceases to employ the employee in question, he shall forthwith return the tax deduction card, duly completed, to the Collector.

(3) Regulations 13 and 17 shall not apply in cases to which this Regulation applies.

21. *Modified method of deduction.*—(1) Where emoluments are paid at intervals not exceeding one week, the Inspector, on being satisfied by the employer as to the general concurrence of the employees whose emoluments are so paid or of the authorised representatives of his employees, may authorise the employer to deduct tax from the emoluments paid to all such employees in accordance with the following provisions of this Regulation, and Regulation 13 shall not apply where that authority is given.

(2) The employer shall deduct tax from each payment of emoluments which he makes to the employee by reference only to the amount of that payment, without regard to the cumulative emoluments and cumulative tax, and shall make the deductions by reference to the appropriate code in the simplified tax tables:

Provided that, if the employment ceases, the employer shall adjust the tax by reference to the employee's cumulative emoluments at the date of the cessation and the corresponding cumulative tax.

(3) At intervals not exceeding three weeks the employer shall ascertain the cumulative emoluments in relation to the date of the last payment of emoluments which he made to the employee and the corresponding cumulative tax, and if the cumulative tax is less than the total net tax deducted from the employee's emoluments since the beginning of the year the employer shall repay the difference on the occasion of the next payment of emoluments, in addition to making any necessary deduction under paragraph (2) of this Regulation.

(4) Where tax is deducted in accordance with this Regulation the employer shall record on the tax deduction card or in such other form as may be authorised by the Inspector—

(*a*) the date on which each payment of emoluments is made, the gross amount of the emoluments, and the amount of tax, if any, deducted therefrom in accordance with paragraph (2) of this Regulation; and

(*b*) the amount of the cumulative emoluments on each occasion on which they are ascertained, the amounts of the corresponding cumulative free emoluments and cumulative taxable emoluments, and where the cumulative emoluments are ascertained under the proviso to paragraph (2) or where any difference is repayable under paragraph (3), the amount of the cumulative tax on the occasion in question and the amount of any difference repaid.

(5) No tax shall be repaid to a new employee without the Inspector's authority if, and to the extent that, it would have been repayable on the occasion of the first payment of emoluments to the new employee if tax was being deducted in accordance with Regulation 13.

22. *Aggregation of emoluments in non-cumulative cases.*—Where under these Regulations tax is deductible otherwise than by reference to cumulative emoluments and cumulative tax, the amount of tax to be deducted in any week or income tax month shall be calculated by reference to the aggregate of the emoluments paid to the employee in that week or month.

23. *Tax-free emoluments.*—Where the employer makes a payment to or for the benefit of the employee in respect of his income tax, the amount of the emoluments which the employer pays to the employee shall be deemed for the purposes of deduction and repayment of tax under these Regulations to be such a sum as will include the amount assessable on the employee in respect of the payment made by the employer in respect of the employee's income tax.

24. *Repayment during sickness and unemployment.*—(1) If, owing to absence from work through sickness or other similar cause, the employee is entitled to receive no emoluments on the usual pay day, the employer shall, on application being made in person by the employee or his authorised representative, make such repayment of tax to the employee as may be appropriate, having regard to his cumulative emoluments at the date of the pay day in question and the corresponding cumulative tax.

(2) The foregoing paragraph shall not have effect in the case of an employee to whom Regulation 21 applies, but if owing to absence from work as aforesaid such an employee is entitled to receive no emoluments on a pay day on which differences are repayable under paragraph (3) of that Regulation, the employer shall, on application being made as aforesaid, make such

repayment to the employee as may be appropriate, having regard to his cumulative emoluments at the date of the preceding pay day and the corresponding cumulative tax.

(3) If, owing to absence from work otherwise than aforesaid, the employee is entitled to receive no emoluments on the usual pay day, the employer either—

(*a*) shall make any such repayment of tax to the employee as would be appropriate under paragraph (1) or, as the case may be, paragraph (2) of this Regulation, if the absence from work was due to sickness ; or

(*b*) not later than the first usual pay day on which no emoluments will be payable to the employee, shall give notice to the Inspector of the employee's absence from work and of his intention to make no repayment to the employee under sub-paragraph (*a*) of this paragraph, and shall render with the notice a return containing the same particulars with respect to the employee as the employer would be liable to certify under paragraph (1) of Regulation 17 if the employment had ceased on the day on which emoluments were last paid to the employee ; and where the said notice is given and the said return rendered within the time limited in this sub-paragraph the employer—

(i) shall be relieved of the liability to make any repayment under the provisions of sub-paragraph (*a*) of this paragraph ;

(ii) on the employee's return to work shall forthwith notify the Inspector ; and

(iii) for the purpose of deducting or repaying tax on the occasion of any subsequent payment of emoluments to the employee during the year shall take into account the amount of any repayment made by the Commissioners of Inland Revenue under paragraph (4) of this Regulation of which he is notified by the Inspector.

(4) In the case of a person who has ceased to be employed or with respect to whom a notice has been given and return rendered under the provisions of sub-paragraph (*b*) of paragraph (3) of this Regulation, any repayment which may be appropriate at any date, having regard to his cumulative emoluments at that date, and the corresponding cumulative tax, shall be made to him by the Commissioners of Inland Revenue, or on behalf of those Commissioners in accordance with such arrangements as they may make for the purpose with any public department ; and a person who has ceased to be employed shall, on applying for repayment, produce to the Inspector the copies of the certificate mentioned in Regulation 17 and such evidence of his unemployment as the Inspector may require.

25. *Certificate of tax deducted.*—(1) After the end of the year the employer shall give the employee a certificate showing the total amount of the emoluments paid by the employer to the employee during the year, the appropriate code, and the total net tax deducted from the emoluments.

(2) In the case of an employee taken into employment after the beginning of the year, the certificate shall include any emoluments paid to the employee by any previous employer and any tax deducted from those emoluments, being emoluments and tax which the employer giving the certificate was required to take into account for the purposes of deducting or repaying tax in the case of emoluments paid by him.

(3) A certificate shall be given under this Regulation to every employee who is in the employer's employment on the last day of the year and from whose emoluments any tax has been deducted during the year.

PART IV. PAYMENT AND RECOVERY OF TAX, ETC.

26. *Payment of tax by employer.*—(1) Within fourteen days of the end of every income tax month the employer shall pay to the Collector all amounts of tax which he was liable under these Regulations to deduct from emoluments paid by him during that income tax month, reduced by any amounts which he was liable under these Regulations to repay during that income tax month:

Provided that, where Regulation 20 applies, payment shall be made quarterly, that is to say, the tax deductible during the first three income tax months in any year shall be paid not later than the 19th July in that year, the tax deductible during the second three income tax months shall be paid not later than the 19th October, and so on.

(2) The Collector shall give the employer a receipt on the prescribed form for the total amount so paid.

(3) If the amount which the employer is liable to pay to the Collector under paragraph (1) of this Regulation exceeds the amount actually deducted by him from emoluments paid during the relevant income tax month, the Commissioners of Inland Revenue, on being satisfied by the employer that he took reasonable care to comply with the provisions of these Regulations and that the underdeduction was due to an error made in good faith, may direct that the amount of the excess shall be recovered from the employee, and where they so direct the employer shall not be liable to pay the amount of the said excess to the Collector.

(4) If the total of the amounts which the employer was liable to repay during any income tax month exceeds the total of the amounts which he was liable to deduct during that income tax month, he shall be entitled to deduct the excess from any subsequent payment which he is liable to make to the Collector under paragraph (1) of this Regulation or to recover it from the Commissioners of Inland Revenue.

27. *Employer failing to pay tax.*—(1) If within fourteen days of the end of any income tax month the employer has paid no amount of tax to the Collector under Regulation 26 for that income tax month and the Collector is unaware of the amount, if any, which the employer is liable so to pay, the Collector may give notice to the employer requiring him to render, within the time limited in the notice, a return showing the name of every employee to whom he made any payment of emoluments or repayment of tax in the period from the preceding sixth day of April to the day (being the last day of an income tax month) limited by the notice, together with such particulars with regard to each such employee as the notice may require, being particulars of—

(*a*) the code appropriate to the employee's case;

(*b*) the payments of emoluments made to him during that period; and

(*c*) any other matter affecting the calculation of the tax which the employer was liable under these Regulations to deduct or to repay to the employee during that period.

(2) The Collector, by reference to the tax tables, shall ascertain and certify the amount of tax which the employer is liable to pay to him in respect of the income tax month in question.

(3) The production of the return made by the employer under paragraph (1) of this Regulation and of the certificate of the Collector under paragraph (2) shall be sufficient evidence that the amount shown in the said certificate is the amount of tax which the employer is liable to pay to the Collector in

respect of the income tax month in question ; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

(4) Where a notice given by the Collector under paragraph (1) of this Regulation extends to two or more consecutive income tax months, the provisions of these Regulations shall have effect as if the said consecutive income tax months were one income tax month.

(5) A notice may be given by the Collector under paragraph (1) of this Regulation notwithstanding that an amount of tax has been paid to him by the employer under Regulation 26 for any income tax month, if the Collector is not satisfied that the amount so paid is the full amount which the employer is liable to pay to him for that month, and the provisions of this Regulation shall have effect accordingly.

28. *Recovery of tax.*—(1) The provisions of any enactment relating to the recovery of income tax charged under Schedule E shall apply to the recovery of any amount of tax which an employer is liable under Regulation 26 to pay to the Collector for any income tax month as if the said amount had been charged on the employer under Schedule E :

Provided that—

(*a*) the greatest such amount which shall be recoverable summarily as a civil debt shall be one hundred pounds instead of fifty pounds ; and

(*b*) summary proceedings for the recovery of any such amount may be brought at any time before the expiry of twelve months after the date on which that amount became payable to the Collector, or, where a return has been required under Regulation 27, before the expiry of twelve months after the date of the delivery of that return to the Collector.

(2) Proceedings may be brought for the recovery of the total amount which the employer is liable to pay as aforesaid for any income tax month, without distinguishing the amounts which he is liable to pay in respect of each employee and without specifying the employees in question, and for the purposes of summary proceedings the said total amount shall be one matter of complaint ; but nothing in this paragraph shall prevent the bringing of separate proceedings for the recovery of each of the several amounts which the employer is liable to pay as aforesaid for any income tax month in respect of his several employees.

(3) A certificate of the Collector that any amount of tax such as is mentioned in paragraph (1) of this Regulation has not been paid to him, or, to the best of his knowledge and belief, to any other Collector, or to any person acting on his behalf or on behalf of another Collector, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Crown ; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

(4) Summary proceedings commenced in the name of any Collector may be continued in the name of that or any other Collector.

29. *Return by employer at end of year.*—(1) Not later than fourteen days after the end of the year the employer shall render to the Collector, either on the tax deduction card or in such other form as the Commissioners of Inland Revenue may approve or prescribe, a return in respect of each employee showing the total amount of the emoluments paid by him to the employee during the year, the appropriate code, and the total net tax deducted from the emoluments.

(2) The said returns shall be accompanied by a statement and declaration in the form approved or prescribed by the Commissioners of Inland Revenue containing a list of all tax deduction cards issued to the employer by the Inspector or prepared by him under the provisions of paragraph (3) of Regulation 17 during that year and of the cards prepared by him under the provisions of paragraph (2) of Regulation 19 in respect of employees for whom a tax deduction card was not subsequently issued by the Inspector, together with a certificate showing the total net tax deducted or the total net tax repaid in the case of each employee and the total net tax deducted or repaid by him in respect of all his employees during that year.

(3) Where the employee is a body corporate, the declaration and the certificate referred to in paragraph (2) shall be signed either by the secretary or by a director of the body corporate.

(4) In the case of an employee taken into employment after the beginning of the year, the return made under paragraph (1) of this Regulation shall also show the total amount of any emoluments paid to the employee by any previous employer and of any tax deducted from those emoluments, being emoluments and tax which the employer rendering the return was required to take into account for the purposes of deducting or repaying tax in the case of emoluments paid by him.

(5) A return shall be made under this Regulation in respect of every employee in respect of whom a tax deduction card has been either issued to the employer by the Inspector or prepared by the employer under paragraph (3) of Regulation 17, or to whom the employer has at any time during the year paid emoluments at a rate equivalent to a rate of £3 or more a week, or, in the case of an employee who has or had other employment, a rate exceeding £1 a week.

In the case of employees paid monthly or at longer intervals, the references in this paragraph to a rate of £3 or more a week and a rate exceeding £1 a week shall be treated as references to a rate of £12 10s. 0d. or more a month and a rate exceeding £4 a month respectively.

(6) If within fourteen days of the end of any year an employer has failed to pay to the Collector the total net amount of tax which he is liable so to pay, the Collector may prepare a certificate showing the net amount of tax remaining unpaid for that year. To the amount shown in the said certificate the provisions of paragraphs (1) and (2) of Regulation 28 shall apply with the modification that summary proceedings for the recovery of the net amount of tax or such part of it as remains unpaid may be brought at any time before the expiry of twelve months after the date limited for delivery of the statement required by paragraph (2) of this Regulation or, if that statement is not delivered by that date, before the expiry of twelve months after its delivery; and to the said certificate the provisions of paragraph (3) of Regulation 28 shall with any necessary modifications apply.

30. *Priority in bankruptcy and winding-up.*—(1) There shall be included among the debts which under section 33 of the Bankruptcy Act, 1914(**a**), are to be paid in priority to all other debts in the distribution of the property of a bankrupt or person dying insolvent, so much as is unpaid of the employer's liability for the period of twelve months next before the date of the receiving order or of the death, as the case may be.

(**a**) 4 & 5 Geo. 5. c. 59.

(2) There shall be included among the debts which under section 319 of the Companies Act, 1948(a), are to be paid in priority to all other debts in the winding up of a company, so much as is unpaid of the employer's liability for the period of twelve months next before the relevant date (as defined by that section).

(3) Where a receiver is appointed on behalf of the holders of any debentures of a company secured by a floating charge, or possession is taken by or on behalf of those debenture holders of any property comprised in or subject to the charge, there shall be included among the debts which under section 94 of the Companies Act, 1948, are to be paid in priority to any claim for principal or interest in respect of the debentures so much as is unpaid of the employer's liability for the period of twelve months next before the date on which the receiver is appointed or possession is taken as aforesaid, as the case may be.

(4) Any reference in the Liabilities (War-Time Adjustment) Acts, 1941 and 1944(b), to debts which would be or would have been entitled to be paid in priority in the event of the bankruptcy of the debtor or the making of a receiving order against him, or, in the case of a debtor being a company, in the event of the winding up, or the making of an order for the winding up, of the company, shall include a reference to debts whch in that event would be or would have been entitled to be paid in priority by virtue of paragraph (1) or paragraph (2) of this Regulation.

(5) In the application of this Regulation to Scotland the following paragraph shall be substituted for paragraph (1):—

"(1) There shall be included among the debts which under section 118 of the Bankruptcy (Scotland) Act, 1913(c), are to be paid in priority to all other debts in the distribution of a bankrupt's estate, so much as is unpaid of the employer's liability for the period of twelve months next before the date mentioned in subsection (4) of that section."

(6) In the application of this Regulation to Northern Ireland the following paragraph shall be substituted for paragraph (1):—

"(1) There shall be included among the debts which under the Preferential Payments in Bankruptcy Act (Northern Ireland), 1933(d), are to be paid in priority to all other debts in the distribution of the property of a bankrupt, debtor, or person dying insolvent, so much as is unpaid of the employer's liability for the period of twelve months next before the date on which the order of adjudication of the bankrupt was made, the petition of arrangement of the debtor was filed, or as the case may be the person died insolvent.";

and paragraphs (2), (3) and (4) of this Regulation shall have effect as if references to section 234 and to section 76 of the Companies Act (Northern Ireland), 1932(e), were respectively substituted for references to section 319 and to section 94 of the Companies Act, 1948, and as if references to the Liabilities (War-Time Adjustment) Act (Northern Ireland), 1941(f), were substituted for references to the Liabilities (War-Time Adjustment) Acts, 1941 and 1944.

(7) For the purposes of this Regulation the expression "employer's liability for the period of twelve months" means all sums which an employer was liable under these Regulations to deduct from emoluments paid by him

(a) 11 & 12 Geo. 6. c. 38.
(b) 4 & 5 Geo. 6. c. 24 and 7 & 8 Geo. 6. c. 40.
(c) 3 & 4 Geo. 5. c. 20.
(d) 23 & 24 Geo. 5. c. 7 (N.I.).
(e) 22 & 23 Geo. 5. c. 7 (N.I.).
(f) 5 & 6 Geo. 6. c. 19 (N.I.).

during the period of twelve months mentioned in this Regulation, reduced by any amounts which he was under these Regulations liable to repay during the same period.

31. *Inspection of employer's records.*—Every employer, when called upon to do so by any authorised officer of the Commissioners of Inland Revenue, shall produce to that officer for inspection, at the employer's premises, all wages sheets, tax deduction cards, and other documents and records whatsoever relating to the calculation or payment of the emoluments of his employees or the deduction of tax therefrom.

32. *Death of employer.*—If an employer dies, anything which he would have been liable to do under these Regulations shall be done by his personal representative, or, in the case of an employer who paid emoluments on behalf of another person, by the person succeeding him or, if no person succeeds him, the person on whose behalf he paid emoluments.

33. *Succession to a business, etc.*—(1) This Regulation applies where there has been a change in the employer from whom an employee receives emoluments in respect of his employment in any trade, business, concern or undertaking, or in connection with any property, or from whom an employee receives any annuity or pension.

(2) Where this Regulation applies, the change shall not be treated as a cessation of employment for the purposes of Regulation 17, but, in relation to any matter arising after the change, the employer after the change shall be liable to do anything which the employer before the change would have been liable to do under these Regulations if the change had not taken place :

Provided that the employer after the change shall not be liable for the payment of any tax which was deductible from emoluments paid to the employee before the change took place.

PART V. SPECIAL PROVISIONS APPLICABLE TO SEAMEN

34. *Interpretation of Part V.*—In this Part of these Regulations—

" employer " includes the master of a ship ;

" foreign-going ship " and " home-trade ship " have the same meanings respectively as in the Merchant Shipping Act, 1894(a) ;

" seaman " means any person who has signed the agreement with the crew of a ship to which any determination of the National Maritime Board relating to remuneration applies, not being a member of His Majesty's naval, military or air forces or a person in the employment of the British Transport Commission or of a railway company, and shall include any person who is the holder of a British Seafarer's Identity Card to which he is lawfully entitled ; and, for the purpose of this definition—

(*a*) where the crew of a ship are engaged at a place outside the United Kingdom on terms which adopt any determination of the National Maritime Board relating to remuneration, that ship shall be deemed to be a ship to which that determination applies if the determination would have applied to the ship if the crew had been engaged in the United Kingdom ;

(*b*) where an arrangement has been made for the purposes of deduction of tax from the emoluments of persons resident in the United Kingdom who are employed or engaged in sea-going service in any foreign ship, those persons shall be deemed to be seamen ; and

(a) 57 & 58 Vict. c. 60.

(*c*) an apprentice or cadet whose name is entered on the agreement with the crew shall be deemed to be a person who has signed the agreement;

"the seamen's tables" means the tables prepared by the Commissioners of Inland Revenue for the purposes of deduction of tax from seamen's wages;

"wages" means pay at the monthly or weekly rates stated in the agreement with the seaman.

35. *Deduction of tax from seamen's wages.*—(1) Where the provisions of this Part of these Regulations so require, every employer who pays wages to any seaman shall deduct tax therefrom in accordance with those provisions by reference to the appropriate part of the seamen's tables, and Part II and Part III of these Regulations shall not apply in the case of seamen:

Provided that tax shall not be deducted from the wages of a seaman who under the terms of his employment or engagement is required to remain outside the United Kingdom for a period of at least three years.

(2) In the case of a seaman who has signed the agreement with the crew of a ship which provides for payment at monthly rates, tax shall be deducted when his balance of wages is paid to the seaman in respect of every complete month of the period of employment or engagement for which wages are credited:

Provided that—

(*a*) in the case of an uncompleted month, the amount of tax shown in the seamen's tables shall be deducted in respect of each period of six days; but no tax shall be deducted in respect of any period of less than six days; and

(*b*) if the payment of wages relates to a period of employment or engagement of over eleven months, the amount of tax to be deducted in respect of each complete twelve months of the period of employment or engagement shall be the amount appropriate to a period of eleven months.

(3) In the case of a seaman who has signed the agreement with the crew of a ship which provides for payment at weekly rates, tax shall be deducted from every payment of wages made to the seaman in respect of the number of days for which those wages are paid.

(4) In the case of a seaman who is employed on a ship in port otherwise than in accordance with an agreement with the crew of the ship, tax shall be deducted from every payment of wages made to the seaman, except any payment in respect of the first month of any such employment, in respect of the number of days for which those wages are paid.

36. *Deduction from other emoluments of seamen.*—Tax shall be deducted by reference to the seamen's tables from payments of—

(*a*) shipwreck unemployment indemnity;

(*b*) special payment while sick abroad (as defined by the National Maritime Board); and

(*c*) any other emoluments paid to a seaman which arise out of his service as such, not being pay or subsistence allowance in respect of leave (whether taken on or off Articles), pay in lieu of leave, sick pay while sick in the United Kingdom, or (in the case of emoluments arising out of an agreement with the crew of a ship) overtime;

and all the provisions of this Part of these Regulations shall apply to any such payments as if they were payments of wages.

37. *Payment of tax to Collector.*—All amounts of tax which an employer is liable under the provisions of this Part of these Regulations to deduct from any payment of wages shall be paid to the Collector—

(*a*) in any case falling within paragraph (2) of Regulation 35, within one month of the termination of the agreement with the crew, or, if the agreement terminated outside the United Kingdom, within such longer period as the Commissioners of Inland Revenue may allow ;

(*b*) in any case falling within paragraph (3) or paragraph (4) of Regulation 35, not later than the fourteenth day of the month following the month in which the payment in question was made ; and

(*c*) in any case falling within Regulation 36, within one month of the date on which the emoluments in question were paid, or within such longer period as the Commissioners of Inland Revenue may allow.

38. *Return to be rendered by employer.*—Every employer who pays any wages to a seaman shall, within the time laid down in Regulation 37 for the payment of the tax, if any, which he is liable to deduct from those wages, render a return to the Collector, showing—

(*a*) the seaman's name ;

(*b*) his rank or rating and discharge book number ;

(*c*) the total emoluments paid to him by the employer for the period to which the return relates ;

(*d*) the part of the seamen's tables appropriate to his case, or that he fell within the proviso to paragraph (1) of Regulation 35 ; and

(*e*) the amount, if any, of the tax deducted from his wages under this Part of these Regulations.

39. *Application of Part IV.*—(1) The provisions of Part IV of these Regulations shall apply in relation to seamen subject to the necessary modifications and in particular to the modifications set out in the following paragraphs of this Regulation.

(2) Paragraph (1) of Regulation 26 shall apply as if for the reference to payment of tax within fourteen days of the end of any income tax month there were substituted a reference to payment of tax within the time limited in Regulation 37.

(3) Regulation 27 shall not apply, but the following provisions shall have effect where the employer fails to pay to the Collector within the time limited in Regulation 37 any amount of tax which he is liable under this Part of these Regulations to deduct from any wages paid by him, that is to say—

(*a*) the production of the return made by the employer under Regulation 38 shall be sufficient evidence that the amount of tax shown in that return as deducted by the employer is an amount which the employer is liable to pay to the Collector ; and

(*b*) if the amount of tax shown as deducted in the said return differs from the amount which the employer was liable to deduct from the wages in accordance with the seamen's tables, a certificate of the Collector as to the amount deductible in accordance with those tables shall be sufficient evidence that that amount, and not the amount shown in the said return, is the amount which the employer is liable to pay to the Collector ; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

(4) Regulation 29 shall not apply in the case of seamen.

40. *Repayment to seaman during the year.*—No tax shall be repaid to any seaman by the employer, but the Inspector, on application being made to him by the seaman, may make such repayment to the seaman as may be appropriate at any date, having regard to—

(*a*) the seaman's emoluments for the period from the beginning of the year up to and including that date; and

(*b*) the amount which would be the corresponding cumulative tax if those emoluments were the seaman's cumulative emoluments and the code appropriate to his case had been determined under Regulation 7.

PART VI. SPECIAL PROVISIONS APPLICABLE TO THE ARMED FORCES

41. *Interpretation of Part VI.*—In this Part of these Regulations—

"forces emoluments" means pay, pensions and other emoluments paid by the Admiralty, the Army Council or the Air Council and payable in respect of service in or with the armed forces of the Crown or (in the case of a woman) in any of the capacities mentioned in the Sixth Schedule to the Finance Act, 1946;

"forces tables" means the tables prepared by the Commissioners of Inland Revenue for the purpose of deduction of tax from forces emoluments.

42. *Application of Parts II and III.*—Parts II and III of these Regulations shall apply in relation to forces emoluments with the modifications set out in this Part of these Regulations.

43. *Deduction and repayment of tax on forces emoluments.*—On the occasion of each payment of forces emoluments tax shall be deducted or repaid by reference to the forces tables and the appropriate code, including a code determined under paragraph (2) of Regulation 44.

44. *Determination of code for forces emoluments.*—(1) The appropriate code shall be determined by the Inspector or by any officer in the appropriate public department, being an officer authorised by the Commissioners of Inland Revenue, and any reference to the Inspector in Part II of these Regulations shall include a reference to such officer.

(2) For the year in which a person first becomes entitled to forces emoluments the appropriate code may be determined by the officer referred to in paragraph (1) of this Regulation by reference only to such of the matters set out in Regulation 7 as are known to him.

(3) Where the appropriate code has been determined under paragraph (2) of this Regulation, no notice of the determination of that code need be given to the employee:

Provided that on the determination of the appropriate code by reference to all the relevant matters set out in Regulations 7 and 8 a notice of the determination shall be given to the employee.

45. *Appeals against coding.*—An appeal under Regulation 10 may be made either to the Special Commissioners or to the General Commissioners for the division in which the employee resides.

46. *Cessation of full pay and entry into other employment.*—(1) Paragraphs (1) and (2) of Regulation 17 shall not apply but the following provisions shall have effect, that is to say, if the employee ceases, otherwise than by forfeiture during the period of service, to be entitled to any forces emoluments or is granted furlough preparatory to that event, the public

department responsible for the payment of those emoluments shall, as soon as possible after they cease to be payable or furlough is granted as aforesaid, send to the Inspector a certificate giving such of the particulars mentioned in paragraph (1) of Regulation 17 as are available and shall deliver to the employee one copy of the said certificate.

(2) The employee shall deliver the copy of the certificate to the appropriate Inspector before he commences his new employment or as soon as possible thereafter and the Inspector may either, as the case may require, issue a tax deduction card in respect of the employee to the new employer or deliver to the employee two copies of a certificate prepared in accordance with paragraph (1) of Regulation 17 for production to his new employer.

PART VII. ASSESSMENT AND DIRECT COLLECTION

47. *Exclusion of assessments for certain years.*—Nothing in this Part of these Regulations shall apply to assessments in respect of emoluments for any year before 1944-45 or to assessments in respect of pay, pensions or other emoluments payable in respect of service in or with the armed forces of the Crown or in any of the capacities mentioned in the Sixth Schedule to the Finance Act, 1946, for any year before 1947-48.

48. *Assessment of emoluments by Inspector.*—(1) Subject to the provisions of this and the last preceding Regulation, income tax in respect of emoluments shall be assessed and charged by the Inspector, who for that purpose may exercise all the powers of any commissioners as well as the powers of an Inspector (including the functions of an assessor):

Provided that nothing in this Regulation shall be construed either as requiring an assessment to be made in any case in which it is not required to be made by the Income Tax Acts or as preventing an assessment being made in any case.

(2) Any assessment in respect of the emoluments of an employee of a railway company shall be made on the employee and not on the employer.

(3) Any assessment may be made in any division or district, and shall be valid notwithstanding that the employee was not in that division or district, or in the United Kingdom, during the year in which the assessment was made.

(4) All the emoluments of an employee may be included in one assessment.

49. *Return of certain emoluments by employer.*—The Inspector may give notice to the employer requiring him to render a return of any emoluments paid by him to any employee for any year, being emoluments which were not paid to the employee until after the end of that year, and any such return shall be rendered to the Inspector within the time limited in the notice.

50. *Notices of assessment.*—The Inspector shall serve a notice of assessment on every employee assessed.

51. *Objections and appeals against assessment.*—(1) If the employee is aggrieved by the assessment he may give notice thereof to the Inspector, stating the ground of his objection, within twenty-one days of the date of the notice of assessment.

(2) On receipt of any such notice of objection the Inspector, on proof to his satisfaction, may agree with the employee as to the correct amount to be assessed and may thereupon amend the assessment. Notice of the amended assessment shall then be served on the employee by the Inspector.

(3) In default of agreement as aforesaid the employee, on giving notice to the Inspector, may appeal to the General Commissioners for the division in which the assessment was made or, if he so elects, to the General Commissioners for the division in which he resides or to the Special Commissioners, and the provisions of the Income Tax Acts relating to the determination of appeals against assessments and to the statement of a case for the High Court on a point of law shall apply accordingly.

52. *Repayment of overpayments and recovery of underpayments.*—(1) If the tax payable under the assessment is less than the total net tax deducted from the employee's emoluments during the year, the Inspector may, and if the employee so requires shall, repay the difference to the employee instead of taking it into account in determining the appropriate code for a subsequent year.

(2) If the tax payable under the assessment exceeds the total net tax deducted from the employee's emoluments during the year, the Inspector may require the employee to pay the excess to the Collector instead of taking it into account in determining the appropriate code for a subsequent year, and where the Inspector so requires the employee shall pay the excess accordingly.

(3) For the purpose of determining the amount of any difference or excess as aforesaid, any necessary adjustment shall be made to the aforesaid total net tax in respect of—

(*a*) any tax which the employer was liable to deduct from the employee's emoluments but failed so to deduct, having regard to whether the Commissioners of Inland Revenue have or have not directed that that tax shall be recovered from the employee, and

(*b*) any tax overpaid or remaining unpaid for any year.

53. *Provisions for direct collection.*—(1) In cases of casual employment, and in any other class of case in which the Commissioners of Inland Revenue are of opinion that deduction of tax by reference to the tax tables is impracticable, those Commissioners may make special arrangements for the collection of the tax in respect of any emoluments and may in particular direct that the following provisions of this Regulation shall apply.

(2) As early in the year as may be the Inspector shall make an assessment for that year in an amount equal to the amount of the employee's emoluments for the preceding year, or, if the employee was in employment during part only of that preceding year, in an amount which bears the same proportion to the amount of the employee's emoluments for that preceding year as a full year bears to the part of that preceding year during which the employee was in employment:

Provided that the Inspector may make the assessment in an amount estimated to the best of his judgment if—

(*a*) he is unable to ascertain the full amount of the employee's emoluments for the preceding year or, as the case may be, for the part thereof during which the employee was in employment; or

(*b*) the employee had no emoluments for that year.

(3) The Inspector shall serve a notice of assessment on the employee, and the provisions of Regulation 51 relating to objections and appeals shall apply accordingly.

(4) The Inspector shall transmit to the Collector particulars of the tax payable under the assessment.

(5) If the employee has objected to or appealed against the assessment, so much of the tax as appears to the Inspector to be not in dispute shall be treated as tax payable under the assessment for so long as the objection or appeal remains undetermined:

Provided that if the employee considers that a smaller amount is not in dispute he may require the amount not in dispute to be determined by the Commissioners by whom an appeal against the assessment falls to be heard.

(6) The tax payable under the assessment shall be paid to the Collector in four equal instalments during the period beginning twenty-one days after the service of the notice of assessment and ending on the following 5th April. The first such instalment shall be payable on the last day of the first quarter of that period, the second on the last day of the second quarter of that period, the third on the last day of the third quarter of that period, and the fourth on the following 5th April.

(7) If the employee proves that his emoluments for the period from the beginning of the year to the following 5th July amounted to less than one-quarter of the amount of the assessment and that the tax paid by him during the first quarter of the period mentioned in paragraph (6) exceeds the tax which would have been so payable if the assessment had been made in an amount equal to four times those emoluments, the Inspector may direct that the instalment payable during the next quarter of that period shall be reduced by the amount of the excess.

(8) The provisions of paragraph (7) shall apply with the necessary modifications where the employee proves that his emoluments for the period from the beginning of the year to the following 5th October or 5th January amounted to less than one-half or three-quarters respectively of the amount of the assessment.

(9) After the end of the year, the amount of the employee's emoluments for the year shall be ascertained, and—

(*a*) if the said amount is less than the amount assessed, the assessment shall be reduced accordingly and any tax overpaid shall be repaid;

(*b*) if the said amount is greater than the amount assessed, an additional assessment shall be made, and the provisions of paragraphs (3), (4) and (5) of this Regulation shall apply in the case of any such additional assessment.

54. *Alternative procedure for direct collection.*—(1) In any case falling within paragraph (1) of Regulation 53, the Inspector, instead of making an assessment under paragraph (2) of that Regulation, may issue a tax deduction card to the employee, specifying the name of the employee, the capacity in which he receives emoluments and the code appropriate to his case, and where the Inspector does so the following provisions of this Regulation shall apply.

(2) Whenever the employee receives any emoluments during the year for which the tax deduction card was issued, he shall record on the tax deduction card the gross amount of the emoluments, the date on which he received them, and, in relation to that date, the cumulative emoluments, the cumulative free emoluments according to his code, the cumulative taxable emoluments and the corresponding cumulative tax.

(3) Within fourteen days after the end of every quarter, the employee shall pay to the Collector the amount of the cumulative tax corresponding to the cumulative emoluments at the last date during the quarter in question

on which he received emoluments (or, in the case of the last quarter of the year, to the cumulative emoluments for the year), reduced by any amounts of tax paid to the Collector in respect of previous quarters of the same year.

(4) If within fourteen days after the end of any quarter the employee has paid no amount of tax to the Collector for that quarter, and the Collector is unaware of the amount, if any, which the employee is liable so to pay, or if an amount has been paid but the Collector is not satisfied that it is the full amount which the employee is liable to pay to him for that quarter, the Collector may either—

(*a*) give notice to the employee requiring him to render, within the time limited in the notice, a return in the prescribed form containing particulars of all emoluments received by him during the period specified in the notice and such other particulars affecting the calculation of the tax payable for the quarter in question as may be specified in the notice; and in such a case the provisions of Regulation 27 regarding the ascertainment and certification by the Collector of tax payable by an employer, and the provisions of Regulation 28 regarding the recovery of any such tax, shall apply with the necessary modifications for the purposes of ascertaining, certifying and recovering the tax payable by the employee as if it were tax which the employee was liable to deduct from emoluments paid by him; or

(*b*) report the facts to the Inspector, in which case the Inspector shall direct the employee to return the tax deduction card to him and shall make an assessment on the employee under the provisions of Regulation 53 and for the purposes of paragraph (6) of that Regulation the due dates of the several instalments of the tax payable under the assessment shall be determined as if the notice of assessment had been served twenty-one days before the beginning of the year of assessment:

Provided that no proceedings for the recovery of any instalment shall be commenced within less than twenty-one days after the service of the notice of assessment.

(5) If the employee ceases to receive emoluments he shall forthwith render a return to the Collector on the tax deduction card, showing the last date on which he received any emoluments, his cumulative emoluments at that date, and the corresponding cumulative tax.

(6) Not later than fourteen days after the end of the year the employee shall (unless he has previously sent the tax deduction card to the Collector with the particulars required by paragraph (5) of this Regulation) render a return to the Collector on the tax deduction card, showing his cumulative emoluments at the end of the year and the corresponding cumulative tax; and the provisions of paragraph (6) of Regulation 29 regarding the certification and recovery of tax remaining unpaid by an employer for any year shall apply in the case of any tax remaining unpaid by the employee.

(7) In this Regulation the expression "cumulative emoluments" means, in relation to any date, the sum of all emoluments received by the employee from the beginning of the year up to and including that date, irrespective of the person or persons from whom the emoluments were received; and the expression "quarter" means any period of three months beginning on the 6th April, 6th July, 6th October or 6th January.

(8) If the employee receives emoluments in more than one capacity, no account shall be taken for the purposes of this Regulation of the emoluments received by him in any capacity other than the capacity specified on the tax deduction card.

55. *Recovery of tax from employee.*—(1) Any tax which is payable to the Collector by any employee may be recovered in the manner provided by the Income Tax Acts.

(2) Any tax which is payable to the Collector under paragraph (2) of Regulation 52, or under any additional assessment made under paragraph (9) of Regulation 53, shall be payable within fourteen days of the date on which the Collector first makes application for payment thereof.

By Order of the Commissioners of Inland Revenue.

R. Willis,
Secretary.

25th March, 1950.

EXPLANATORY NOTE

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

These Regulations consolidate the various Regulations relating to Income Tax under Pay As You Earn.

The Consolidated Regulations include the following amendments of substance:—

Regulation 10 now gives a right of appeal against a coding to the General Commissioners for the division in which the coding was determined as an alternative to an appeal to the Commissioners for the place of residence.

Regulation 11: It is established practice, in certain circumstances, to reduce a code number which has been found to be incorrect in order to avoid under-deductions of tax which would have to be collected later. The Regulation gives formal sanction to this practice and provides the usual right of appeal against an amendment made by the Inspector.

Regulation 29: The provisions regarding the returns of pay and tax deducted to be made by employers at the end of the Income Tax year have been altered to make it clear that a separate return on the tax deduction card or substitute document is required for each employee.

Regulation 29: Where the employer is a limited company, the returns may be signed by a director of the company instead of by the secretary. It is the practice of the Inland Revenue to accept these returns and paragraph (3) of the Regulation now gives formal recognition to the practice.

Regulation 51 now gives an alternative right of appeal against an assessment to the General Commissioners for the division in which the appellant resides.