STATUTORY INSTRUMENTS

1965 No. 516

INCOME TAX

The Income Tax (Employments) Regulations 1965

Made - - - -	18*th March* 1965
Laid before the House of Commons	30*th March* 1965
Coming into Operation	6*th April* 1965

ARRANGEMENT OF REGULATIONS

PART I

GENERAL

1. Citation, commencement and revocations.
2. Interpretation.
3. Intermediate employers.
4. Troncs.
5. Service by post.

PART II

CODING

6. Deduction and repayment of tax under appropriate code.
7. Determination of appropriate code by Inspector.
8. Coding at standard rate or where no tax is deductible.
9. Notices of coding.
10. Objections and appeals against coding.
11. Amendments of coding.
12. Notice to employer of amended coding.

PART III

DEDUCTION AND REPAYMENT OF TAX

13. Calculation of deduction or repayment.
14. Emoluments not paid weekly or monthly.
15. Subsidiary emoluments of employee paid monthly, etc.
16. Deduction in special cases.
17. Change of employment.
18. Death of employee.
19. Employee for whom deduction card not held.
20. Employee on fixed pay.

21. Modified method of deduction.
22. Aggregation of emoluments in non-cumulative cases.
23. Tax-free emoluments.
24. Repayment during sickness and unemployment.
25. Certificate of tax deducted.

PART IV

PAYMENT AND RECOVERY OF TAX, ETC.

26. Payment of tax by employer.
27. Employer failing to pay tax.
28. Recovery of tax.
29. Return by employer at end of year.
30. Further return in case of certain employees.
31. Return of certain emoluments by employer.
32. Inspection of employer's records.
33. Death of employer.
34. Succession to a business, etc.

PART V

SPECIAL PROVISIONS APPLICABLE TO SEAMEN

35. Interpretation of Part V.
36. Deduction of tax from seamen's wages.
37. Deduction from other emoluments of seamen.
38. Payment of tax to Collector.
39. Return to be rendered by employer.
40. Application of Part IV.
41. Repayment to seaman during the year.
42. Seamen to whom Part V shall not apply.

PART VI

SPECIAL PROVISIONS APPLICABLE TO THE ARMED FORCES

43. Interpretation of Part VI.
44. Application of Parts II and III.
45. Deduction and repayment of tax on forces emoluments.
46. Determination of code for forces emoluments.
47. Appeals against coding.
48. Cessation of full pay and entry into other employment.

PART VII

ASSESSMENT AND DIRECT COLLECTION

49. Assessment and appeals.
50. Repayment of overpayments and recovery of underpayments.
51. Provisions for direct collection.
52. Alternative procedure for direct collection.
53. Recovery of tax from employee.

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:—

PART I
GENERAL

Citation, commencement and revocations

1.—(1) These Regulations may be cited as the Income Tax (Employments) Regulations 1965 and shall come into operation on 6th April 1965.

(2) The Income Tax (Employments) Regulations 1962(b) and the Income Tax (Employments) (No. 2) Regulations 1963(c) shall cease to have effect from 6th April 1965, except as respects obligations incurred before that date.

Interpretation

2.—(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;

"deduction card" means a deduction card in the form prescribed or approved by the Commissioners of Inland Revenue or such other document as may be authorised by those Commissioners as a deduction card;

"emoluments" means all income 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;

"free emoluments" means the appropriate amount of any emoluments of the employee which qualify for relief from income tax, including earned income relief thereon, but excluding reduced rate relief;

"graduated contributions" has the same meaning as in the National Insurance Act 1959(d) and the National Insurance Act (Northern Ireland) 1959(e);

"income tax month" means the period beginning on the 6th day of any calendar month and ending on the 5th day of the following calendar month;

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.
(b) S.I. 1962/1003 (1962 II, p. 1144).
(c) S.I. 1963/1082 (1963 II, p. 1851).
(d) 7 & 8 Eliz. 2. c. 47.
(e) 1959 c. 21 (N.I.).

" Inspector " means an Inspector of Taxes;

" reliefs from income tax " includes allowances and deductions;

" tax tables " means the tax tables prepared by the Commissioners of Inland Revenue under section 157 of the Income Tax Act 1952, 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.

(3) In relation to tax liable, under the Income Tax (Employments) Regulations 1962(b) (as amended by the Income Tax (Employments) Regulations (No. 2) 1963(c)), to be deducted from emoluments paid prior to 6th April 1965, these Regulations shall have effect as if the tax had been liable to be deducted under these Regulations and accordingly references to any provisions of these Regulations shall, where the context so requires, be construed as references to the corresponding provision of the Income Tax (Employments) Regulations 1962 (as amended as aforesaid).

Intermediate employers

3.—(1) Where an employee works under the general control and management of a person who is not his immediate employer, that person (referred to in this and the next following 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 actualy 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.

Troncs

4. Where organised arrangements (commonly known as a tronc) exist for gratuities or service charges to be shared among two or more employees by any person (commonly known as a tronc-master),

(a) 52 & 53 Vict. c. 63. (b) S. I. 1962/1003 (1962 II, p. 1144).
(c) S.I. 1963/1082 (1963 II, p. 1851).

(*a*) every payment to an employee by way of the sharing out of gratuities or service charges by that person (including the retention by him of his own share if he is also an employee) shall be regarded for the purposes of these Regulations as a payment by him of emoluments; and

(*b*) to the extent of any such payment that person shall be regarded for the purposes of these Regulations as the employer, notwithstanding the provisions of Regulation 3:

Provided that if the Commissioners of Inland Revenue are satisfied that in any particular case that person has failed to observe or fulfil the requirements of these Regulations or any of them, they may direct that any gratuities or service charges so shared and paid to the tronc-master through the principal employer shall be dealt with under Regulation 3 and that any share of gratuities or service charges not so dealt with shall either be assessed under Regulation 51 on the employee receiving the same or be taken into account under Regulation 7(*b*) by the Inspector in his determination of a code.

Service by post

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

PART II

CODING

Deduction and repayment of tax under appropriate code

6. Every employer, on making any payment of emoluments during any year to any employee in respect of whom a 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 deduction card.

Determination of appropriate code by Inspector

7.—(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, which has not been repaid;

(*d*) any tax remaining unpaid for any previous year, 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.

Coding at standard rate or where no tax is deductible

8.—(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 deduction card, return or certificate, shall, with the necessary modifications, have effect accordingly.

Notices of coding

9. 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 deduction card is issued to the employer:

Provided that no such notice need be given when the change in the code is due solely to an alteration in the tax tables and the matters referred to in Regulation 7 are not different from those for the preceding year.

Objections and appeals against coding

10.—(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.

(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 against the determination.

(3) The appeal shall be heard by the General Commissioners in accordance with the rules in paragraph 3 of the Third Schedule to the Income Tax Management Act 1964(**a**), provided that section 11(2) of the Income Tax Management Act 1964 shall apply as it applies to appeals against assessments.

(**a**) 1964 c. 37.

In Northern Ireland the appeal shall be heard by the Special Commissioners unless the employee, by notice in writing to the Inspector given not later than the notice of appeal, elects to have the appeal brought before the County Court.

(4) The General or Special Commissioners or County Court 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 or its determination shall be final.

(5) A deduction card may be issued to the employer and an 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 deduction card is so issued the employer shall deduct or repay tax by reference to that code.

Amendments of coding

11.—(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 or the County Court, 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 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.

Notice to employer of amended coding

12. Where a determination of the Inspector or the Commissioners or the County Court is amended after the 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

Calculation of deduction or repayment

13.—(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 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.

Emoluments not paid weekly or monthly

14. 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.

Subsidiary emoluments of employee paid monthly, etc.

15.—(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.

Deduction in special cases

16.—(1) This Regulation applies to—

(*a*) payments of emoluments made on 4th or 5th April in a leap year or on 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, or, where the employee has ceased to be employed by him and no deduction card is held, by reference to the code prescribed by the Commissioners of Inland Revenue under paragraph (2) of Regulation 19, 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 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:

Provided that where tax is deducted by reference to the code prescribed by the Commissioners of Inland Revenue under paragraph (2) of Regulation 19, the aforesaid particulars, except the amounts of the free emoluments and taxable emoluments, shall be recorded on the card prescribed for that purpose.

Change of employment

17.—(1) If the employer ceases to employ an employee in respect of whom a 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;

(*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 2 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 Schedule 10 to the Income Tax Act 1952, as amended by section 16 of the Finance Act 1952(a), the employer shall send the 2 copies of the certificate to the Inspector.

(3) Immediately on commencing his next employment the employee shall deliver the 2 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 deduction cards are ordinarily issued to him ;

(*b*) prepare a 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, the cumulative free emoluments and cumulative tax shown on the deduction card prepared in accordance with sub-paragraph (*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 £10, 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 2 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 3 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 sub-paragraph (*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 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 2 copies of the certificate to the Inspector before he commences his new employment, and the Inspector may issue a 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.

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

(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 but any such person shall, within 14 days after the retirement, send to the Inspector a certificate on the prescribed form containing the following particulars, viz.:—

(*a*) the name of the employee;

(*b*) the date of the employee's retirement;

(*c*) the cumulative emoluments at the date of retirement;

(*d*) the amount of the pension payable weekly or monthly as the case may be.

Death of employee

18.—(1) On the death of an employee in respect of whom a 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 2 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.

Employee for whom deduction card not held

19.—(1) If the employer makes any payment of emoluments to an employee in respect of whom he has not received a deduction card from the Inspector and that payment is equivalent to emoluments at a rate of £5 5s. 0d. 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 any 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 deduction card:

Provided that if the employer, having rendered such a return, makes any subsequent payment of emoluments to an employee before a deduction card in respect of the employee is issued to him by the Inspector, the employer shall not be required to render any further return in the same year pursuant to this paragraph.

(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 £5 5s. 0d. 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 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 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 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 deduction card in respect of the employee has been issued to him by the Inspector, Regulation 17 shall apply as if a 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 £5 5s. 0d. or more a week and a rate exceeding £1 a week shall be treated as references to a rate of £22 15s. 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 deduction card from the Inspector and the payment is equivalent to emoluments at a rate of £5 5s. 0d. 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 deduction card.

Employee on fixed pay

20.—(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 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 deduction card, duly completed, to the Collector.

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

Modified method of deduction

21.—(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 3 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 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.

Aggregation of emoluments in non-cumulative cases

22. 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.

Tax-free emoluments

23. 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.

Repayment during sickness and unemployment

24.—(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.

Certificate of tax deducted

25.—(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 deductible 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.

Payment of tax by employer

26.—(1) Within 14 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 3 income tax months

in any year shall be paid not later than 19th July in that year, the tax deductible during the second 3 income tax months shall be paid not later than 19th October, and so on.

(2) The Collector shall if so requested give the employer a receipt for the total amount so paid provided that no separate receipt need be given for tax only if a receipt is given for the total amount of tax and any graduated contributions paid at the same time.

(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 Collector, on being satisfied by the employer that he took reasonable care to comply with the provisions of these Regulations and that the under-deduction 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 the Collector so directs the employer shall not be liable to pay the amount of the said excess to the Collector.

(4) 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 and the Commissioners of Inland Revenue are of the opinion that an employee has received his emoluments knowing that the employer has wilfully failed to deduct therefrom the amount of tax which he was liable to deduct under these Regulations, the said Commissioners 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.

(5) If a difference arises between the employer and the employee as to whether the employer has deducted tax, or having regard to Regulation 23 is deemed to have deducted tax, from emoluments paid to the employee, or as to the amount of the tax that has been so deducted or is so deemed to have been deducted, the matter shall, for the purpose of ascertaining the amount of any tax to be recovered from the employee under paragraph (3) or (4) of this Regulation, be determined by such General Commissioners as the Commissioners of Inland Revenue having regard to all the circumstances shall direct or, in Northern Ireland or in the case of a non-resident employee, by the Special Commissioners, and the determination of the said Commissioners shall be final.

(6) 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.

Employer failing to pay tax

27.—(1) If within 14 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 6th 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 2 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.

Recovery of tax

28.—(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 by way of an assessment on the employer under Schedule E:

Provided that in England, Wales and Northern Ireland—

(*a*) the greatest such amount which shall be recoverable summarily as a civil debt shall be £100 instead of £50; and

(*b*) summary proceedings for the recovery of any such amount may be brought at any time before the expiry of 12 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 12 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 proceedings under section 8 of the Income Tax Management Act 1964(a), and for the purposes of summary proceedings, including in

(a) 1964 c. 37.

Scotland, proceedings in the sheriff court or in the sheriff's small debt court, the said total amount shall be one cause of action or 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.

Return by employer at end of year

29.—(1) Not later than 14 days after the end of the year the employer shall render to the Collector in such form as the Commissioners of Inland Revenue may approve or prescribe—

(*a*) in respect of each employee, a return 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; and

(*b*) in respect of each employee other than an employee to whom Regulation 30 of these Regulations applies, a return showing the amount of all payments of emoluments made by the employer on behalf of the employee and particulars of any emoluments given by the employer to the employee otherwise than in money.

(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 deduction cards issued to the employer by the Inspector or prepared by him under the provisions of paragraph (3) of Regulation 17 in respect of that year, and of the cards prepared by him under the provisions of paragraph (2) of Regulation 19 or paragraph (3) of Regulation 16 in respect of employees for whom a 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 employer 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 deductible 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 deduction card has been either issued to the employer by the Inspector or prepared by the employer under paragraph (3) of Regulation 17, and in respect of every employee to whom the

employer has at any time during the year made payments of emoluments after he has ceased to employ him, or to whom the employer has at any time during the year paid emoluments at a rate equivalent to a rate of £5 5s. 0d. 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 £5 5s. 0d. or more a week and a rate exceeding £1 a week shall be treated as references to a rate of £22 15s. 0d. or more a month and a rate exceeding £4 a month respectively.

(6) If within 14 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 12 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 12 months after its delivery; and to the said certificate the provisions of paragraph (3) of Regulation 28 shall with any necessary modifications apply.

Further return in case of certain employees

30. In the case of an employee who is a director within the meaning of section 163 of the Income Tax Act 1952, or a person employed in an employment to which Chapter II of Part VI of that Act applies, not later than 30 days after the end of the year the employer shall, in addition to the return required by Regulation 29, render to the Collector in such form as the Commissioners of Inland Revenue may approve or prescribe, a further return showing particulars of—

(*a*) any payments made by the employer to the employee in respect of expenses;

(*b*) any payments made on behalf of the employee and not repaid;

(*c*) any sums put by the employer at the disposal of the employee and paid away by him;

(*d*) any emoluments given by the employer to the employee otherwise than in money; and

(*e*) any expenses incurred by the employer in or in connection with the provision, for the employee, of any services, benefits or facilities to which subsection (1) of section 161 of the said Act applies.

Return of certain emoluments by employer

31. The Inspector may give notice to the employer requiring him to render, within 30 days of the date of the notice, 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.

Inspection of employer's records

32.—(1) Every employer, whenever 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,—

(*a*) all wages sheets, deduction cards, and other documents and records whatsoever relating to the calculation or payment of the emoluments of his employees in respect of the years or income tax months specified by such officer or to the deduction of tax from such emoluments; or

(*b*) such of those wages sheets, deduction cards or other documents and records as may be specified by the authorised officer.

(2) The Collector by reference to the information obtained from an inspection of the documents and records produced under paragraph (1) may on the occasion of each inspection prepare a certificate showing—

(*a*) the amount of tax which it appears from the documents and records so produced that the employer is liable to pay to the Collector for the years or income tax months covered by the inspection; and

(*b*) any amount of such tax which 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.

(3) The production of a certificate such as is mentioned in paragraph (2) shall be sufficient evidence that the employer is liable to pay to the Collector in respect of the years or income tax months mentioned in the certificate the amount shown therein pursuant to paragraph (2)(*b*); 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) The provisions of paragraphs (1) and (2) of Regulation 28 shall apply to the amount shown in such a certificate, with the modification that summary proceedings for the recovery of the amount of tax or such part of it as remains unpaid may be brought at any time before the expiry of 12 months after the date of the certificate.

Death of employer

33. 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.

Succession to a business, etc.

34.—(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

Interpretation of Part V

35. 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 Her Majesty's naval, military or air forces or a person in the employment of the British Railways Board or of a railway company, and shall include any person who is the holder of a British Seaman's Identity Card or a British Seaman's 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

(*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, leave pay, pay in lieu of leave, leave subsistence allowance and pay in respect of overtime.

Deduction of tax from seamen's wages

36.—(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 3 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 as extended by the period for which paid leave is due for which wages are credited:

Provided that 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

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

6 days; but no tax shall be deducted in respect of any period of less than 6 days.

(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 in respect of the number of days for which those wages are paid.

Deduction from other emoluments of seamen

37. 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 sick pay while sick in the United Kingdom,

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

Payment of tax to Collector

38. 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 36, 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 36, not later than the 14th day of the month following the month in which the payment in question was made; and

(*c*) in any case falling within Regulation 37, 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.

Return to be rendered by employer

39. Every employer who pays any wages to a seaman shall, within the time laid down in Regulation 38 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 36; and

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

Application of Part IV

40.—(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 14 days of the end of any income tax month there were substituted a reference to payment of tax within the time limited in Regulation 38.

(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 38 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 39 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.

Repayment to seaman during the year

41. 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.

Seamen to whom Part V shall not apply

42. Notwithstanding the preceding regulations in this part of these Regulations the Commissioners of Inland Revenue, if they are satisfied that it would be practicable to apply the provisions of Parts II, III and IV of these Regulations in respect of all or some of the employees of a particular employer, may approve any arrangements agreed for this purpose with the employer and where such arrangements have been approved by the said Commissioners the provisions of Part V of these Regulations shall not apply in respect of those employees, and the provisions of Parts II, III and IV shall apply instead.

PART VI

SPECIAL PROVISIONS APPLICABLE TO THE ARMED FORCES

Interpretation of Part VI

43. In this Part of these Regulations—

"forces emoluments" means pay, pensions and other emoluments paid by the Navy Board, the Army Board and the Air Force Board of the Ministry of Defence 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 Schedule 10 to the Income Tax Act 1952, as amended by section 16 of the Finance Act 1952;

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

Application of Parts II and III

44. 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.

Deduction and repayment of tax on forces emoluments

45. 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 46.

Determination of code for forces emoluments

46.—(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.

Appeals against coding

47. An appeal under Regulation 10 may be made to the Special Commissioners.

Cessation of full pay and entry into other employment

48.—(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 deduction card in respect of the employee to the new employer or deliver to the employee 2 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

Assessment and appeals

49.—(1) The assessment of emoluments shall be made pursuant to the provisions of section 5 of the Income Tax Management Act 1964(a).

(2) All the emoluments of an employee (including the emoluments of his wife insofar as they are deemed to be his income for income tax purposes by section 354 of the Income Tax Act 1952) may be included in one assessment.

(3) An appeal against an assessment of emoluments shall be heard by the General or Special Commissioners, or, in Northern Ireland, the County Court, in accordance with the Income Tax Management Act 1964 and section 62 of the Income Tax Act 1952.

Provided that where—

(*a*) the place of employment referred to in paragraph 3 of the Third Schedule to the Income Tax Management Act 1964 and the place where the assessment was made are not within the same division; and

(*b*) the Inspector so elects by notice in writing given to the employee,

the appeal shall be brought before the General Commissioners for the division in which the place where the assessment was made is situated instead of before the General Commissioners for the division in which the place of employment is situated.

Repayment of overpayments and recovery of underpayments

50.—(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 person assessed so requires shall, repay the difference to that person 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 person assessed 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 person assessed 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 or the Collector 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.

(a) 1964 c. 37.

(4) An employee's emoluments include the emoluments of a wife assessed on her husband.

Provisions for direct collection

51.—(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) Notwithstanding the provisions of paragraph (2) of this Regulation, where the assessment is made upon a pension or pensions, the Inspector shall estimate to the best of his judgment the amount receivable in the current year and shall make the assessment in that amount.

(4) The Inspector shall serve a notice of assessment on the employee, and the provisions of Regulation 49 relating to appeals shall apply accordingly.

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

(6) If the employee has 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 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.

(7) The tax payable under the assessment shall be paid to the Collector in 4 equal instalments during the period beginning 30 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.

(8) 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 (7) exceeds

the tax which would have been so payable if the assessment had been made in an amount equal to 4 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.

(9) The provisions of paragraph (8) 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.

(10) 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, a further assessment shall be made, and the provisions of paragraphs (4), (5) and (6) of this Regulation shall apply in the case of any such further assessment.

Alternative procedure for direct collection

52.—(1) In any case falling within paragraph (1) of Regulation 51, the Inspector, instead of making an assessment under paragraph (2) or (3) of that Regulation, may issue a 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 deduction card was issued, he shall record on the 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 14 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 14 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 deduction card to him and may make an assessment on the employee under the provisions of Regulation 51 and for the purposes of paragraph (7) 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 30 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 30 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 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 14 days after the end of the year the employee shall (unless he has previously sent the deduction card to the Collector with the particulars required by paragraph (5) of this Regulation or has been directed under (*b*) of paragraph (4) to return the deduction card to the Inspector) render a return to the Collector on the 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 3 months beginning on 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 deduction card.

Recovery of tax from employee

53.—(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 50, or under any further assessment made under paragraph (10) of Regulation 51, shall be payable within 14 days of the date on which the Collector first makes application for payment thereof.

By Order of the Commissioners of Inland Revenue.

A. J. N. Miller,
Secretary.

18th March 1965.

EXPLANATORY NOTE

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

These Regulations consolidate the Regulations relating to Income Tax under Pay As You Earn with various changes which are made necessary by the Income Tax Management Act 1964, which comes into effect on 6th April 1965.

The Consolidated Regulations also include new Regulations on two points of substance:

Regulation 4: This Regulation makes it clear that a tronc-master has the same responsibility as an employer, unless the Commissioners of Inland Revenue have directed otherwise.

Regulation 42: This Regulation enables the Commissioners of Inland Revenue, by agreement with an employer, to authorise the application to certain seamen of the ordinary Pay As You Earn provisions, instead of the special seamen's scheme.