STATUTORY INSTRUMENTS

2015 No. 1927

INCOME TAX

The Income Tax (Pay As You Earn) (Amendment No. 4) Regulations 2015

Made - - - -	*23rd November 2015*
Laid before the House of Commons	*23rd November 2015*
Coming into force - -	*14th December 2015*

These Regulations are made by the Commissioners for Her Majesty's Revenue and Customs in exercise of the powers conferred by section 113(1) of the Taxes Management Act 1970(**a**), section 133(1) of the Finance Act 1999(**b**) and section 684(1) and (2) of the Income Tax (Earnings and Pensions) Act 2003(**c**), and now exercisable by them(**d**).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Income Tax (Pay As You Earn) (Amendment No. 4) Regulations 2015 and come into force on 14th December 2015.

(2) Regulations 4 and 5 have effect in relation to relevant payments(**e**) made in the tax year 2016-17.

(3) Regulations 7(a), 7(b), 8, 10, 11, 12, 13, and 14(b) have effect in relation to any returns and information provided for the tax year 2016-17 and subsequent tax years.

(4) Regulations 6, 7(c), 9 and 14(a) have effect in relation to specified benefits(**f**) provided on or after 6th April 2016.

(**a**) 1970 c. 9.
(**b**) 1999 c. 16.
(**c**) 2003 c. 1. Section 684 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") has been relevantly amended by section 145 of the Finance Act 2003 (c. 14), paragraphs 102(1),(2) and 117 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) ("CRCA"), section 94(3) of the Finance Act 2006 (c. 25), paragraphs 2 to 7 of Schedule 58 to the Finance Act 2009 (c. 10), section 85(2) of the Finance Act 2011 (c. 11), section 225 of, and paragraph 5(4) of Schedule 1 to, the Finance Act 2012 (c. 14), section 17(2) of the Finance Act 2015 (c. 11) and S.I. 2014/992.
(**d**) The powers of the Board of Inland Revenue under section 684 of ITEPA were transferred to the Commissioners for Revenue and Customs by paragraph 102(2) of Schedule 4 to CRCA. The functions of the Board of Inland Revenue under section 113(1) of the Taxes Management Act 1970 and section 133 of the Finance Act 1999 were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(1) of CRCA. Section 50(1) of that Act provides that, in so far as appropriate, in consequence of section 5 a reference in an enactment, instrument or other document to the Commissioners of Inland Revenue (however expressed) shall be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.
(**e**) Relevant payments are defined by regulation 4 of S.I. 2003/2682.
(**f**) Specified benefit is defined by regulation 61A, inserted by regulation 6 of these Regulations.

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

2. The Income Tax (Pay As You Earn) Regulations 2003(**a**) are amended as provided for in regulations 3 to 14.

3. In regulation 2 (interpretation)(**b**) omit the definition of "Scottish rate".

4. In regulation 4 (relevant payments)—

(a) omit sub-paragraph (1)(d);

(b) in paragraph (2) omit the definition of "excluded business expenses".

5. Omit regulation 5 (excluded business expenses).

6. In Part 3 (deduction and repayment of tax) after Chapter 3 (new pensioners: forms P45 and P46) insert—

"CHAPTER 3A

BENEFITS IN KIND

Interpretation

61A. In this Chapter—

"authorised employer" has the meaning given by regulation 61C;

"main relevant payment" means the relevant payment normally made to the specified employee at regular intervals of a week or more;

"making good payment" means the payment referred to in regulation 61E(2) or 61G(2)(b);

"specified benefit" means any benefit treated as earnings under Chapter 6 (cars, vans and related benefits) or Chapter 10 (residual liability to charge) of Part 3 of ITEPA(**c**) (employment income: earnings and benefits etc. treated as earnings);

"specified employee" means an employee to whom an authorised employer provides a specified benefit;

"Taxable Amount of the Benefit" has the meaning given in regulation 61D(1).

PAYE: benefits in kind

61B.—(1) This Chapter applies where during a tax year an authorised employer provides a specified benefit to a specified employee.

(2) Where this Chapter applies—

(**a**) S.I. 2003/2682 ("the principal Regulations"); relevant amending instruments are 2007/1077, 2007/2969, 2008/2601, 2009/588, 2012/822, 2013/521, 2014/472, 2014/2689, 2015/2 and 2015/1667.

(**b**) Regulation 2 has been relevantly amended by S.I. 2015/1667.

(**c**) ITEPA is defined in the principal Regulations as meaning the Income Tax (Earnings and Pensions) Act 2003. Chapter 6 of Part 3 of ITEPA has been amended by s138(4) of the Finance Act 2003 (c. 14); Schedule 14 and Schedule 42 to the Finance Act 2004 (c. 12); section 59 of the Finance Act 2006 (c. 25); section 54 of, and Schedule 28 to, the Finance Act 2009 (c. 10); section 58 and section 59 of the Finance Act 2010 (c. 13); section 51(1) of the Finance Act 2011 (c. 11); section 14 and section 17(1) of the Finance Act 2012 (c. 14); SI 2012/266; section 23 of the Finance Act 2013; section 23(1), section 24 and section 25 of the Finance Act 2014 (c. 26) ("FA 2014"); SI 2014/2896 and sections 7, 8, 9(1), 10 and 13 of, and Schedule 1 to, the Finance Act 2015 (c. 11) ("FA 2015"). The amendments made to Chapter 6 of Part 3 of ITEPA by: section 24 of FA 2014 and section 13 of, and Schedule 1 to, FA 2105 have effect for the tax year 2016-17 and subsequent tax years; section 7 of FA 2015 have effect for the tax year 2017-18 and subsequent tax years; and section 8 of FA 2015 have effect for the tax year 2018-19 and subsequent tax years. Chapter 10 of Part 3 of ITEPA has been amended by section 17 of the Finance Act 2005 (c. 2); paragraphs 584 and 590 of Schedule 1 to the Taxation (International and Other Provisions) Act 2010 (c. 5) and paragraphs 297 to 299 of Schedule 8 to the Taxation (International and Other Provisions) Act 2010 (c. 8).

(a) the specified benefit is to be treated as a payment of PAYE income for the purposes of these Regulations; and

(b) any reference (howsoever expressed) in these Regulations to relevant payment includes an amount in respect of the provision of a specified benefit, such amount to be determined in accordance with regulations 61D, 61H, 61I, 61J, 61K and 61L, as the case may be;

but this is subject to paragraph (3).

(3) An amount determined in accordance with regulation 61D, 61H, 61I, 61J, 61K or 61L, as the case may be, is not to be included as a relevant payment for the purpose of calculating whether the deduction of tax would exceed the overriding limit(**a**).

Authorised employer

61C.—(1) An employer is an authorised employer in respect of a specified employee for a tax year for the purposes of this Chapter if—

(a) HMRC has authorised that employer to make—

(i) deductions of income tax in respect of the provision of a specified benefit from payments which that employer actually makes of, or on account of, PAYE income of that employee; or

(ii) repayments of such income tax; and

(b) such authorisation has not been withdrawn.

(2) An employer will be authorised by HMRC if the conditions set out in paragraph (3) are met.

(3) The conditions are that—

(a) before the start of the tax year the employer has made an application for authorisation in respect of one or more specified employees to HMRC; and

(b) such an application identifies the specified benefit or benefits that will be provided to the specified employees.

(4) But in cases falling within paragraph (5), an employer may make an application for authorisation in respect of one or more specified employees during a tax year.

(5) The cases are that—

(a) a specified benefit or benefits is to be provided to the specified employees referred to in the application for the first time during the tax year;

(b) a specified benefit or benefits is to be provided to an employee upon commencement of employment and the employer is already an authorised employer for the purposes of this Chapter; or

(c) the application made before the start of the tax year contained an error.

(6) If during the tax year an authorised employer notifies HMRC that the application for authorisation is withdrawn in respect of the specified employees identified in the notification, then the employer will cease to be an authorised employer in respect of those specified employees from the end of the tax year in which that notice is given.

(7) But in cases falling within paragraph (8), where an authorised employer notifies HMRC the application for authorisation is withdrawn in respect of the specified employees identified in the notification, then the employer will cease to be an authorised employer in respect of those employees from the date that the notification is received by HMRC.

(8) The cases are—

(**a**) Overriding limit is defined by regulation 2 of the principal Regulations. The definition was substituted by S.I. 2014/2689.

(a) the relevant payment actually made to the specified employee named in the withdrawal notification will be insufficient to enable the authorised employer to deduct the full amount of tax due in respect of the relevant payment;

(b) that during the tax year the authorised employer stops providing a specified benefit or benefits to the specified employees identified in the withdrawal notification and the Revised Taxable Amount of the Benefit provided is nil; or

(c) the application made before the start of the year contained an error.

(9) Any application or notice must be made to HMRC using an approved method of electronic communication(**a**) unless the employer is one to whom regulation 67D applies.

(10) For the purposes of this regulation, "Revised Taxable Amount of the Benefit" means the result of the calculation at step 3 of regulation 61I(2), as applied by regulation 61J(2).

Deduction and repayments of tax: general rule

61D.—(1) Where this Chapter applies an authorised employer must take the following steps—

Step 1

Before making the first main relevant payment to a specified employee in a tax year, the cash equivalent of the specified benefit or benefits to be provided in that tax year must be determined in accordance with regulation 61E, 61F or 61G (methods of calculating the cash equivalent of specified benefits), as the case may be.

Step 2

Determine the number of main relevant payments to be made to the specified employee in that tax year.

Step 3

Divide the amount obtained from step 1 by the number obtained from step 2.

The resulting amount is the Taxable Amount of the Benefit.

Step 4

Add the Taxable Amount of the Benefit to the first main relevant payment.

Step 5

Deduct or repay tax on the amount obtained at step 4 in accordance with these Regulations by reference to the employee's code if the employer has one for the employee, even if the code is the subject of an objection or appeal.

(2) On making any subsequent main relevant payment in the tax year the authorised employer must add the Taxable Amount of the Benefit to that payment and apply step 5 of paragraph (1) to that amount.

(3) This regulation is subject to regulations 61H, 61I, 61J, 61K and 61L (modifications to the general rule).

Method of calculating the cash equivalent of the benefit of a car or van

61E.—(1) Where the specified benefit is the provision of a car or a van the cash equivalent of that benefit is calculated in accordance with section 121 or 155 of ITEPA (cash equivalent of the benefit)(**b**), as the case may be.

(**a**) Approved method of electronic communications is defined by regulation 189 of the principal Regulations.

(**b**) Section 121 has been amended by section 54(3) of, and Schedule 28 to, the Finance Act 2009 and SI 2012/266. Section 155 has been amended by paragraph 5 of Schedule 14 to the Finance Act 2004 and section 10(2) of the Finance Act 2015.

(2) For the purposes of paragraph (1), the authorised employer may take into account payments that the specified employee is required to make in the tax year as a condition of the car or van being available for that employee's private use.

Method of calculating the cash equivalent of the benefit of fuel

61F.—(1) Where the specified benefit is the provisions of car fuel or van fuel the cash equivalent of that benefit is calculated in accordance with section 150 or 161 of ITEPA (car fuel and van fuel: cash equivalent)(**a**), as the case may be.

(2) For the purposes of paragraph (1), the authorised employer may take into account payments that the specified employee is required to make during the tax year in connection with the provision of fuel for that employee's private use.

Method of calculating the cash equivalent of employment-related benefits

61G.—(1) Where the specified benefit is any employment-related benefit(**b**) the cash equivalent of the specified benefit is to be calculated in accordance with section 203 of ITEPA (cash equivalent of benefit treated as earnings).

(2) For the purposes of paragraph (1), the authorised employer may make reasonable assumptions about—

(a) the cost of a specified benefit to be incurred in a tax year where the cost is not known at the start of the tax year; and

(b) payments that a specified employee is expected to make in the tax year to make good any part of the cost incurred in providing the benefit to that employee.

Modification of the general rule: cessation of employment but continuing benefit

61H.—(1) This regulation applies instead of regulation 61D(2) if during a tax year the employment of a specified employee ceases but the authorised employer continues to provide the specified benefit to that employee.

(2) Before the employment ceases the authorised employer must take the following steps—

Step 1

Determine at that time the number of remaining main relevant payments to be made in the employment.

Step 2

If the cost to the authorised employer of the specified benefit has changed, redetermine the cash equivalent in accordance with regulations 61E, 61F or 61G, as the case may be, otherwise the cash equivalent of the specified benefit is that previously determined for the tax year under step 1 of regulation 61D(1).

The result is the revised cash equivalent of the specified benefit provided during the employment.

Step 3

Calculate the taxable amount of the benefit provided to date by—

(a) determining the number of main relevant payments that have been made to date, then

(b) multiplying that number by the Taxable Amount of the Benefit obtained under step 3 of regulation 61D(1).

(**a**) Section 150 has been amended by S.I. 2014/2896. Section 161 has been amended by paragraph 5 of Schedule 14 to the Finance Act 2004.

(**b**) Employment-related benefit is defined by section 201 of ITEPA.

Step 4

Subtract the taxable amount of the benefit provided to date (the amount obtained from step 3) from the revised cash equivalent of the benefit provided during the employment (the amount obtained from step 2).

Step 5

Divide the amount obtained from step 4 by the number obtained at step 1.

The result is the Adjusted Taxable Amount of the Benefit.

Step 6

Add the Adjusted Taxable Amount of the Benefit to either—

(a) the next main relevant payment, where that is the only main relevant payment remaining in the employment; or

(b) each of the remaining main relevant payments, where the number of remaining main relevant payment determined under step 1 of paragraph (2) is more than one,

and apply step 5 of regulation 61D(1) to that amount or amounts, as the case may be.

Modification of the general rule: in-year adjustments: change to the benefit during the year with effect from the date of the change

61I.—(1) This regulation applies instead of regulation 61D(2) if during a tax year there is a change to the specified benefit provided to a specified employee and, for the purposes of calculating the cash equivalent of that benefit under ITEPA, that change has effect from the date the revised benefit is provided to the employee.

(2) Subject to paragraph (4), the authorised employer must take the following steps—

Step 1

Before making the next main relevant payment after the change to the specified benefit has taken effect, calculate the revised cash equivalent of the specified benefit by—

(a) determining the cash equivalent of the specified benefit that has been provided in the tax year accordance with sections 121, 150, 155, 161 or 203 of ITEPA, as the case may be, then

(b) determining the cash equivalent of the specified benefit, that will be provided for the remainder of the tax year, in accordance with regulation 61E, 61F or 61G, as the case may be, and

(c) adding these numbers together.

Step 2

Calculate the taxable amount of the benefit provided to date by—

(a) determining the number of main relevant payments that have been made to date, then

(b) multiplying that number by the Taxable Amount of the Benefit determined under step 3 of regulation 61D(1).

Step 3

Subtract the taxable amount of the benefit provided to date (the amount obtained from step 2) from the revised cash equivalent of the specified benefit (the amount obtained from step 1).

Step 4

Determine the number of remaining main relevant payments to be made in the tax year.

Step 5

Divide the amount obtained from step 3 by the number obtained at step 4.

The result, where the amount is a positive value, is the Increased Taxable Amount of the Benefit.

The result, where the amount is a negative value, is the Reduced Taxable Amount of the Benefit.

Step 6

Add the Increased Taxable Amount of the Benefit to, or subtract the Reduced Taxable Amount of the Benefit from, the next main relevant payment and apply step 5 of regulation 61D(1) to that amount.

(3) On making any subsequent main relevant payment in that year, the employer must add the Increased Taxable Amount of the Benefit to, or subtract the Reduced Taxable Amount of the Benefit from, that payment and apply step 5 of regulation 61D(1) to that amount.

(4) Where the change to the specified benefit occurs in the final tax month of a tax year and the authorised employer is not able to take the steps set out in paragraph (2) before the final main relevant payment for that year is made that employer must—

(a) comply with steps 1 to 5 of paragraph (2) before the first main relevant payment of the next tax year ("tax year 2") is made;

(b) add the Increased Taxable Amount of the Benefit to, or subtract the Reduced Taxable Amount of the Benefit from, the first main relevant payment to be made in tax year 2; and

(c) apply step 5 of regulation 61D(1) to that amount.

Modification of the general rule: in-year adjustments: change to the benefit during the year with effect from the start of tax year and other changes

61J.—(1) This regulation applies if during a tax year:

(a) there is a change to the specified benefit provided to a specified employee and, for the purposes of calculating the cash equivalent of that benefit under ITEPA, that change has effect from the start of the tax year;

(b) the employer becomes aware that the cash equivalent of the specified benefit determined at the start of the year in accordance with regulation 61E, 61F or 61G (method of calculating the cash equivalent) is no longer accurate;

(c) the employer will stop providing a specified benefit during the tax year; or

(d) there is a change to the number of main relevant payments used to determine the Taxable Amount of the Benefit where the specified employee is paid at irregular intervals.

(2) Where this regulation applies, regulation 61D(2) no longer applies and regulation 61I applies but with the modification in paragraph (3).

(3) For the purposes of calculating the revised cash equivalent of the specified benefit, step 1 of regulation 61I(2) is modified as follows—

Step 1

In cases where regulation 61J(1)(a), (b) or (c) applies, redetermine the cash equivalent of the specified benefit in accordance with regulations 61E, 61F or 61G, as the case may be. In cases where regulation 61J(1)(d) applies, use the cash equivalent of the benefit determined at the start of the year under step 1 of regulation 61D(1).

(4) Any references in regulation 61I(2) to the revised cash equivalent of the benefit or to the amount obtained under step 1 of 61I(2) are to be read in accordance with paragraph (3).

Modification of the general rule: making good

61K.—(1) This regulation applies instead of regulation 61D(2) where immediately before the authorised employer makes the final main relevant payment of the tax year the specified employee has not made any or all of the making good payment.

(2) The authorised employer must—

(a) ascertain the difference between:

(i) the amount of the making good payment that has been taken into account when determining the cash equivalent of the specified benefit at the start of the tax year; and

(ii) the amount the specified employee has actually paid at that time;

(b) add the amount obtained under sub-paragraph (a) to the final main relevant payment, and

(c) apply step 5 of regulation 61D(1) to that amount.

(3) Where this regulation applies the authorised employer may not take into account making good payments for the purposes of calculating the cash equivalent of the same specified benefit provided to the same specified employee in the following tax year.

Modification of the general rule: failure to make good fuel benefit

61L.—(1) This regulation applies if the specified employee has not made the payment referred to in regulation 61F(2) before 1st June following the end of the tax year ("tax year 1") in which the specified benefit of car fuel or van fuel was provided.

(2) Before making the first main relevant payment after 1st June following the end of tax year 1 ("the first main relevant payment in tax year 2") the authorised employer must take the following steps—

Step 1

Redetermine the cash equivalent of the specified benefit of car fuel or van fuel received in tax year 1 in accordance with section 150 or 161 of ITEPA on the basis that Condition A in section 151 or 162 of ITEPA (car fuel and van fuel: nil cash equivalent)(**a**), as the case may be, has not been met.

The result is the Outstanding Taxable Amount of the Fuel Benefit for Tax Year 1.

Step 2

Add the Outstanding Taxable Amount of the Fuel Benefit for Tax Year 1 to the first main relevant payment in tax year 2 and apply step 5 of regulation 61D(1) to that amount.

(3) Where this regulation applies and the authorised employer is continuing to provide the specified benefit of car fuel or van fuel in tax year 2, the employer must make an in-year adjustment for that year, in accordance with regulation 61J(1)(b), and redetermine the cash equivalent of the specified benefit without taking into account payments the employee is required to make, in connection with the private use of fuel, as referred to in regulation 61F(2).

Information to specified employees

61M.—(1) Before 1st June following the end of the tax year in which the specified benefits have been provided, an authorised employer must provide a statement to every specified employee identifying—

(a) every specified benefit provided to that employee during that tax year; and

(b) the cash equivalent of the specified benefit provided during that tax year treated as a payment of PAYE income under this Chapter.

(2) In this regulation—

(a) "authorised employer" includes an employer who ceased to be an authorised employer during or after the tax year; and

(b) "specified employee" includes an employee who was a specified employee for only part of the tax year."

(**a**) Section 162 has been amended by paragraph 5 of Schedule 14 to the Finance Act 2004.

7. In regulation 85 (employers: annual return of other earnings (forms P11D and P9D)—

(a) in the heading, for "forms P11D and P9D" substitute "form P11D";

(b) in paragraph (3) omit "which is not an excluded employment under section 216(1) of ITEPA (lower-paid employment and certain types of company director)";

(c) after paragraph (3) insert —

"(4) But this regulation does not apply in relation to a benefit provided in a tax year which has been treated as a payment of PAYE income under Chapter 3A of the Regulations.".

8. In regulation 87 (information employer must also provide for benefits code employees), omit sub-paragraph (1)(a).

9. In regulation 90 (Quarterly return if a car becomes available or unavailable (Form P46 (Car)) for paragraph (1A) substitute —

"(1A) This regulation does not apply if—

(a) the reason a car becomes available or unavailable is that one is replaced with another; or

(b) Chapter 3A of these Regulations applies."

10. In the heading to regulation 94 (employers: information to employees of other earnings (Forms P11D and P9D), for "Forms P11D and P9D" substitute "Form P11D".

11. In paragraph (3)(b) of regulation 97 (retention by employer of PAYE records), for "Forms P11D and P9D" substitute "Form P11D".

12. In paragraph (7)(b) of regulation 107 (effect of PSA), for "Forms P11D and P9D" substitute "Form P11D".

13. In table 10 in regulation 211 (how information must or may be delivered by employers), omit the entries contained in columns 1 to 5 relating to regulation 85(1)(a) (employers: annual return of other PAYE income) (Form P9D).

14. In Schedule A1 (real time returns)—

(a) after paragraph 22A insert—

"**22B.** If applicable, an indication that comprised within the payment is an amount treated as a payment of PAYE income under regulation 61B (PAYE: benefits in kind) and, if so, the amount of the specified benefit in respect of which tax has been deducted.";

(b) in paragraph 26 for "Forms P11D and P9D" substitute "Form P11D".

Edward Troup
Nick Lodge

23rd November 2015 Two of the Commissioners for Her Majesty's Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Income Tax (Pay As You Earn) Regulations 2003 ("the principal Regulations") (S.I. 2003/2682) which make provision for the assessment, charge, collection and recovery of income tax in respect of pay as you earn income ("PAYE income").

Regulation 3 removes the definition of "Scottish rate" in the principal Regulations which was inserted by regulation 3(d) of the Income Tax (Pay As You Earn) (Amendment No. 3) Regulations 2015 (S.I. 2015/1667).

Regulations 4, 5 and 8 amend the principal Regulations to remove the requirement for employers to report expenses paid to employees (whether deductible or not) on form P11D at the end of the

tax year. These amendments are consequential on the amendments made to the Income Tax (Earnings and Pensions) Act 2003 (c. 1) ("ITEPA") by the Finance Act 2015 (c. 11) ("FA 2015") exempting certain expense payments and benefits in kind provided to employees from income tax.

Regulation 6 inserts new Chapter 3A: Benefits in Kind, consisting of new regulations 61A to 61M, into Part 3 of the principal Regulations (Deductions and repayments of tax), which introduces a scheme to authorise employers to deduct tax from employees' pay in respect of certain benefits in kind that they provide to their employees through PAYE ("payrolling benefits") from the 2016-17 tax year.

New regulation 61A defines several terms used in Chapter 3A.

New regulation 61B provides that Chapter 3A applies to employers who are authorised by HMRC, in accordance with the procedure set out in regulation 61C, and who provide specified benefits to specified employees (both 'specified employee' and 'specified benefit' are defined in new regulation 61A). Where Chapter 3A applies, the provision of a specified benefit is treated as a payment of PAYE income for the purpose of the principal Regulations. New regulation 61B provides that any reference in the principal Regulations to 'relevant payment' includes an amount that is to be payrolled in accordance with Chapter 3A. But an amount to be payrolled will not be taken into account for the purposes of the overriding limit (as defined by regulation 2 of the principal Regulations). As a result the rule that employers may not deduct more than 50% of an employee's pay, as provided by regulations 23(5) and 28(5) of the principal Regulations, is unaffected by any provision made in these Regulations.

New regulation 61C defines who is an authorised employer for the purposes of Chapter 3A. An employer will be an authorised employer if, before the start of the tax year in which the employer wants to payroll benefits, they apply to HMRC in respect of an employee receiving a specified benefit. An employer may make an application during the tax year only in limited circumstances. Provision is also made for the circumstances in which an employer ceases to be an authorised employer.

New regulation 61D contains the general rule for calculating amounts of tax to be deducted from an employee's pay through PAYE in respect of the specified benefits provided by the employer. The general rule is subject to modification by new regulations 61H, 61I, 61J, 61K and 61L (see below).

New regulations 61E to 61G deal with how to calculate the cash equivalent of the benefit for the purposes of the general rule. New regulation 61E is concerned with cars and vans. New regulation 61F is concerned with fuel. New regulation 61G is concerned with other employment-related benefits.

The general rule in regulation 61D is subject to modification in situations where: the employee leaves an employment but continues to receive a specified benefit (new regulation 61H); there is a change in the specified benefit during the year that has effect for tax purposes from the date of the change (new regulation 61I); there is a change in the specified benefit during the year which has effect for tax purposes from the start of the tax year and other changes (new regulation 61J); the employee has not paid the full amount expected to made good the cost of a car, van or other employment-related benefit within the tax year (new regulation 61K); or the employee has not paid the full amount expected to made good the cost of fuel provided for private use by 1 June following the end of the tax year (new regulation 61L).

New regulation 61M provides that an authorised employer must give their employees information about the specified benefits they have received during the tax year and the cash equivalent of those benefits for the tax year in respect of which tax has been deducted.

Regulations 7(a) and (b), 10 to 13 and 14(b) remove existing requirements in the principal Regulations for employers to report benefits provided to employees on form P9D at the end of the tax year in respect of certain excluded employments. These amendments are consequential on the repeal of Chapter 11 of Part 3 of ITEPA by FA 2015 which removed the £8,500 threshold below which certain benefits in kind and expenses were exempted from income tax. From the tax year

2016-17 all employees will be taxable in the same way on benefits in kind and expenses and all returns of such payments will be made on Form P11D.

Regulations 7(c) and 9 amend regulations 85 and 90 of the principal Regulations, respectively to disapply the requirement to submit a Form 11D or Form 46 (Car) in relation to benefits provided in the tax year where new Chapter 3A applies.

Regulation 14(a) amends Schedule A1 to the principal Regulations so that an authorised employer is required to report the amount of a specified benefit that is treated as a payment of PAYE income under new regulation 61B on or before making a payment to an employee.

Tax Information and Impact Notes covering this instrument were published on 10th December 2014 alongside the draft clauses and explanatory notes for the Finance Bill 2015 and are available on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins. They remains an accurate summary of the impacts that apply to this instrument.

© Crown copyright 2015

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

£6.00

UK201511233 11/2015 19585

http://www.legislation.gov.uk/id/uksi/2015/1927

ISBN 978-0-11-114113-7

9 780111 141137