STATUTORY INSTRUMENTS

2021 No. 218

INCOME TAX

The Income Tax (Pay As You Earn) (Amendment) Regulations 2021

Made - - - -	*5th March 2021*
Laid before the House of Commons	*8th March 2021*
Coming into force - -	*6th April 2021*

The Commissioners for Her Majesty's Revenue and Customs make these Regulations in exercise of the powers conferred by section 684(1) and (2) of the Income Tax (Earnings and Pensions) Act 2003(**a**).

Citation and commencement

1. These Regulations may be cited as the Income Tax (Pay As You Earn) (Amendment) Regulations 2021 and come into force on 6th April 2021.

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

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

3. In regulation 67E (returns under regulations 67B and 67D: amendments)—

(a) in paragraphs (2) and (7)(a)(iii), after "16" insert ", 16A",

(b) at the beginning of paragraph (7)(a)(iii), insert "if the return relates to the tax year 2017-18 or to an earlier tax year,",

(c) after paragraph (7)(a)(iii), insert—

"(iiia) if the return relates to the tax year 2020-21 or a subsequent tax year, the amount which should have been given under paragraphs 16, 16A or 17 of Schedule A1 in the final return under regulation 67B or 67D containing information in respect of the employee in the tax year in question,

(**a**) 2003 c. 1. Section 684 was amended by paragraph 102 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) with the effect that the Commissioners for Her Majesty's Revenue and Customs have the power to make the Regulations. Further relevant amendments were also made by paragraph 117 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11), section 94(3) of the Finance Act 2006 (c. 25), paragraphs 2, 3 and 7 of Schedule 58 to the Finance Act 2009 (c. 10) and section 225(1) and (2) of the Finance Act 2012 (c. 14).

(**b**) S.I. 2003/2682; relevant amending instruments are S.I. 2012/822, 2013/521, 2014/472, 2014/1017 and 2019/83.

(iiib) if the return relates to the tax year 2018-19 or 2019-20—

(aa) the value of the adjustment to the information given under, or

(bb) the amount which should have been given under,

paragraphs 16, 16A or 17 of Schedule A1 in the final return under regulation 67B or 67D containing information in respect of the employee in the tax year in question,", and

(d) in paragraph (9), after "adjustments required" insert "by paragraph (7)(a)(iii) or (iiib)".

4. In regulation 67H (payments to and recoveries from HMRC for each tax period by Real Time Information employers: returns under regulation 67E(6)), for paragraph (2) substitute—

"(2) If the return shows—

(a) an adjustment under regulation 67E(7)(a)(iii) or (iiib), or

(b) an adjustment to the amount originally given under paragraph 17 of Schedule A1,

and the value of the adjustment is a positive amount, that amount is an amount due to be paid to HMRC for the final tax period of the tax year the return relates to.".

Angela MacDonald
Justin Holliday

5th March 2021 Two of the Commissioners for Her Majesty's Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations, which come into force on 6th April 2021, amend the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682) ("the PAYE Regulations").

Regulation 3 amends regulation 67E of the PAYE Regulations in relation to the information an employer must include when making a return to correct an inaccuracy in an earlier return made under those Regulations.

Regulation 4 makes a consequential amendment to regulation 67H of the PAYE Regulations to address how any shortfall of tax arising as a result of the inaccuracy in the earlier return is to be dealt with.

A Tax Information and Impact Note has not been prepared for this instrument as it contains no substantive changes to tax policy.

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