
STATUTORY INSTRUMENTS

2003 No. 2682

The Income Tax (Pay As You Earn) Regulations 2003

PART 9

ASSESSMENT AND SELF-ASSESSMENT

Assessments other than self-assessments

188.—(1) In this regulation, “assessment” means an assessment other than one under section 9 of TMA(1) (self-assessment).

(2) The tax payable by the employee is—

$$A - (B - C)$$

A is the tax payable under the assessment;

B is the total net tax deducted in relation to the employee’s relevant payments during the tax year for which the assessment is made, adjusted as required by paragraph (3); and

C is so much, if any, of B as is subsequently repaid.

(3) For the purpose of determining the tax payable by the employee, and subject to paragraphs (4) and (5)—

(a) add to B any tax which—

(i) the employer was liable to deduct from relevant payments but failed to do so, or

(ii) the employer was liable to account for in accordance with regulation 62(5) (notional payments) but failed to do so;

(b) make any necessary adjustment to B in respect of any tax overpaid or remaining unpaid for any tax year; and

(c) make any necessary adjustment to B in respect of any amount to be recovered as if it were unpaid tax under section 30(1) of TMA(2) (recovery of overpayment of tax etc) to the extent that—

(i) [F¹HMRC] took that amount into account in determining the employee’s code, and

(ii) the total net tax deducted was in consequence greater than it would otherwise have been.

(4) No direction tax is to be included in calculating the amount of tax referred to in paragraph (3) (a).

(5) If a direction is made after the making of the assessment, the amount (if any) shown in the notice of assessment as a deduction from, or a credit against, the tax payable under the assessment

(1) Section 9 was substituted by section 179 of the Finance Act 1994 (c. 9), and amended by sections 121(4) and 122(1) of the Finance Act 1996 (c. 8), section 98(2) of the Finance Act 1998 (c. 36), paragraphs 1 and 2(1) of Schedule 29 to the Finance Act 2001 (c. 9) and paragraph 125 of Schedule 6 to ITEPA.

(2) Section 30 was substituted by section 149(1) of the Finance Act 1982 (c. 39), and subsection (1) was amended by paragraph 13(2) of Schedule 19 to the Finance Act 1998.

is to be taken as reduced by so much of the direction tax as was included in calculating the amount of tax referred to in paragraph (3)(a).

(6) Instead of requiring payment by the employee, [^{F2}HMRC] may take the tax payable by the employee into account in determining the employee's code for a subsequent tax year.

(7) In this regulation—

“direction” means a direction made under [^{F3}regulation 72(5), regulation 72F][^{F4}, or regulation 72GB] or 81(4) in relation to the employee in respect of one or more tax periods falling within the tax year in question;

“direction tax” means any amount of tax which is the subject of a direction;

“tax payable under the assessment” means the amount of tax shown in the assessment as payable without regard to any amount shown in the notice of assessment as a deduction from, or a credit against, the amount of tax payable.

Textual Amendments

- F1** Word in reg. 188(3)(c)(i) substituted (6.4.2008) by [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2008 \(S.I. 2008/782\)](#), regs. 1, **15(a)**
- F2** Word in reg. 188(6) substituted (6.4.2008) by [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2008 \(S.I. 2008/782\)](#), regs. 1, **15(b)**
- F3** Words in reg. 188(7) substituted (6.4.2008) by [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2008 \(S.I. 2008/782\)](#), regs. 1, **15(c)**
- F4** Words in reg. 188(7) inserted (6.4.2024) by [The Income Tax \(Pay As You Earn\) \(Amendment\) \(No. 2\) Regulations 2024 \(S.I. 2024/355\)](#), regs. 1, **2(3)(b)**
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Commencement Information

- I1** [Reg. 188](#) in force at 6.4.2004, see [reg. 1](#)

Changes to legislation:

There are currently no known outstanding effects for the The Income Tax (Pay As You Earn) Regulations 2003, Section 188.