



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 11

PAY AS YOU EARN

CHAPTER 3

PAYE: SPECIAL TYPES OF PAYER OR PAYEE

687 Payments by intermediary

- (1) If any payment of, or on account of, PAYE income of an employee is made by an intermediary of the employer, the employer is to be treated, for the purposes of PAYE regulations, as making a payment of the income of an amount equal to the amount given by subsection (3).
- (2) Subsection (1) does not apply if the intermediary (whether or not a person to whom PAYE regulations apply) deducts income tax [^{F1}and any relevant debts] from the payment the intermediary makes, and accounts for it, in accordance with PAYE regulations.
- (3) The amount referred to is—
 - (a) if the amount of the payment made by the intermediary is an amount to which the recipient is entitled after deduction of income tax [^{F2}and any relevant debts] , the aggregate of the amount of the payment and the amount of any income tax due [^{F3}and any relevant debts deductible] , and
 - (b) in any other case, the amount of the payment.
- (4) For the purposes of this section a payment of, or on account of, PAYE income of an employee is made by an intermediary of the employer if it is made—

Status: Point in time view as at 18/01/2020.

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- (a) by a person acting on behalf of the employer and at the expense of the employer or a person connected with the employer, or
- (b) by trustees holding property for any persons who include or class of persons which includes the employee.

[^{F4}(5) This section does not apply in relation to a payment so far as the sum paid is employment income under Chapter 2 of Part 7A.]

Textual Amendments

- F1** Words in s. 687(2) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, **2(6)(a)**
- F2** Words in s. 687(3)(a) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, **2(6)(b)(i)**
- F3** Words in s. 687(3)(a) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, **2(6)(b)(ii)**
- F4** S. 687(5) inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 2 para. 28**

[^{F5}687A Payment of employment income under Part 7A

- (1) This section applies if—
 - (a) the value of a relevant step counts as employment income under Chapter 2 of Part 7A, and
 - (b) the relevant step is the payment of a sum of money, and references to A and B are to be read accordingly.
- (2) For the purposes of PAYE regulations B is treated as making a payment of PAYE income of A of an amount which, on the basis of the best estimate which can reasonably be made, is the amount of the employment income.
- (3) The payment is treated as made on the latest of the following days—
 - (a) the day on which the relevant step is taken,
 - (b) the day on which A's employment with B starts, and
 - (c) the day which is 30 days after the day on which FA 2011 is passed.
- (4) Subsection (2) does not apply if the person who takes the relevant step (whether or not a person to whom PAYE regulations apply) deducts income tax from the payment, and accounts for it, in accordance with PAYE regulations.]

Textual Amendments

- F5** S. 687A inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 2 para. 29**

688 Agency workers

[^{F6}(1) This section applies if the remuneration receivable by an individual in consequence of providing services falls to be treated under section 44 (agency workers) as earnings from an employment.

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(1A) The relevant provisions have effect as if the individual held the employment with or under the deemed employer, subject to subsection (2).

(1B) For the purposes of sections 687, 689 and 689A, if—

- (a) a person other than the deemed employer or an intermediary of the deemed employer makes a payment of, or on account of, PAYE income of the individual, and
- (b) the payment is not within subsection (2),

the person is to be treated as making the payment as an intermediary of the deemed employer.]

(2) If—

- [^{F7}(a) the client is not the deemed employer, and]
- (b) a payment of, or on account of, PAYE income of the individual is made by a person acting on behalf of the client, and at the expense of the client or a person connected with the client,

section 687 and, in relation to any payment treated as made by the client under section 687, section 710 have effect in relation to the payment as if the client and not the [^{F8}deemed employer] were the employer for the purposes of the relevant provisions.

[^{F9}(2A) PAYE regulations may make provision for, or in connection with, the recovery from a director or officer of a company, in such circumstances as may be specified in the regulations, of—

- (a) any amount the company is, by virtue of section 44(4) to (6) or 46A, to deduct, or account for, in accordance with PAYE regulations, and
- (b) any interest or penalty, in respect of an amount within paragraph (a), for which the company is liable.]

(3) In [^{F10}this section—

“the client” means the person who is the client for the purposes of section 44;
[^{F11}“company” includes a limited liability partnership;]

“the deemed employer” means the person with whom the individual is treated under section 44 as having an employment, the duties of which consist of the services;]

[^{F12}“director” has the meaning given by section 67;

“officer” in relation to a company, means any manager, secretary or other similar officer of the company, or any person acting or purporting to act as such;]

“the relevant provisions” means this Chapter except section 691, Chapter 4 of this Part and section 710.

Textual Amendments

- F6** S. 688(1)-(1B) substituted for s. 688(1) (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. **16(8)(11)**
- F7** S. 688(2)(a) substituted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. **16(9)(a)(11)**
- F8** Words in s. 688(2) substituted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. **16(9)(b)(11)**
- F9** S. 688(2A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. **17(3)**
- F10** Words in s. 688(3) substituted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. **16(10)(11)**
- F11** Words in s. 688(3) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. **17(4)(a)**

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F12 Words in s. 688(3) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 17\(4\)\(b\)](#)

[^{F13}688A Managed service companies: recovery from other persons

- (1) PAYE regulations may make provision authorising the recovery from a person within subsection (2) of any amount that an officer of Revenue and Customs considers should have been deducted by a managed service company (“the MSC”) from a payment of, or on account of, PAYE income of an individual.
- (2) The persons are—
 - (a) a director or other office-holder, or an associate, of the MSC,
 - (b) an MSC provider,
 - (c) a person who (directly or indirectly) has encouraged or been actively involved in the provision by the MSC of the services of the individual, and
 - (d) a director or other office-holder, or an associate, of a person (other than an individual) who is within paragraph (b) or (c).
- (3) A person does not fall within subsection (2)(c) merely by virtue of—
 - (a) providing legal or accountancy advice in a professional capacity, or
 - (b) placing the individual with persons who wish to obtain the services of the individual (including by contracting with the MSC for the provision of those services).
- (4) The supplementary provision that may be made by the regulations includes provision as to the liability of one person within subsection (2) to another such person.
- (5) In this section—
 - “associate” has the meaning given by section 61I,
 - “director” has the meaning given by section 67,
 - “managed service company” has the meaning given by section 61B [^{F14}but for the purposes of section 339A has the meaning given by subsection (11) of that section], and
 - “MSC provider” means an MSC provider who is involved with the MSC (within the meaning of section 61B).
- (6) Section 61C(4) (extended meaning of “associate”) applies for the purposes of subsection (2)(d).
- (7) The Treasury may by order amend this section (but not this subsection or subsection (8)).
- (8) The Treasury must not make an order under subsection (7) unless a draft of it has been laid before and approved by a resolution of the House of Commons.]

Textual Amendments

F13 S. 688A inserted (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\), s. 25\(2\), Sch. 3 para. 6](#)

F14 Words in s. 688A(5) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 14\(2\)](#)

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[^{F15}688B Travel expenses of workers providing services through intermediaries: recovery of unpaid tax

- (1) PAYE regulations may make provision for, or in connection with, the recovery from a director or officer of a company, in such circumstances as may be specified in the regulations, of amounts within any of subsections (2) to (5).
- (2) An amount within this subsection is an amount that the company is to account for in accordance with PAYE regulations by virtue of section 339A(7) to (9) (persons providing fraudulent documents).
- (3) An amount within this subsection is an amount which the company is to deduct and pay in accordance with PAYE regulations by virtue of section 339A in circumstances where—
 - (a) the company is an employment intermediary,
 - (b) on the basis that section 339A does not apply by virtue of subsection (3) of that section, the company has not deducted and paid the amount, but
 - (c) the company has not been provided by any other person with evidence from which it would be reasonable in all the circumstances to conclude that subsection (3) of that section applied (and the mere assertion by a person that the manner in which the worker provided the services was not subject to (or to the right of) supervision, direction or control by any person is not such evidence).
- (4) An amount within this subsection is an amount that the company is to deduct and pay in accordance with PAYE regulations by virtue of section 339A in a case where subsection (4) of that section applies (services provided under arrangements made by intermediaries).
- (5) An amount within this subsection is any interest or penalty in respect of an amount within any of subsections (2) to (4) for which the company is liable.
- (6) In this section—
 - “company” includes a limited liability partnership;
 - “director” has the meaning given by section 67;
 - “employment intermediary” has the same meaning as in section 339A;
 - “officer”, in relation to a company, means any manager, secretary or other similar officer of the company, or any person acting or purporting to act as such]

Textual Amendments

F15 S. 688B inserted (15.9.2016) by Finance Act 2016 (c. 24), s. 14(3)

689 Employee of non-UK employer

- (1) This section applies if—
 - (a) an employee during any period works for a person (“the relevant person”) who is not the employer of the employee,
 - (b) any payment of, or on account of, PAYE income of the employee in respect of that period is made by a person who is the employer or an intermediary of the employer or of the relevant person,

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- (c) PAYE regulations do not apply to the person making the payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, the employer, and
 - (d) income tax [^{F16}and any relevant debts are] not deducted, or not accounted for, in accordance with the regulations by the person making the payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, the employer.
- [^{F17}(1ZA) But this section does not apply if section 689A applies or would apply but for a certificate issued under regulations made under subsection (7) of that section.]
- [^{F18}(1A) Subject to subsection (4), subsection (1)(b) does not apply in relation to a payment so far as the sum paid is employment income under Chapter 2 of Part 7A.]
- [^{F19}(1B) Subsection (1C) applies if—
- (a) the employee worked for the relevant person during the period under or in consequence of arrangements made between the relevant person and a third person,
 - (b) the third person did not make the payment of, or on account of, PAYE income of the employee, and
 - (c) PAYE regulations would apply to the third person if the third person were to make a payment of, or on account of, PAYE income of the employee.
- (1C) The third person is to be treated, for the purposes of PAYE regulations, as making a payment of PAYE income of the employee of an amount equal to the amount given by subsection (3).]
- (2) [^{F20}If subsection (1C) does not apply, the] relevant person is to be treated, for the purposes of PAYE regulations, as making a payment of PAYE income of the employee of an amount equal to the amount given by subsection (3).
- (3) The amount referred to is—
- (a) if the amount of the payment actually made is an amount to which the recipient is entitled after deduction of income tax [^{F21}and any relevant debts due under the PAYE regulations] , the aggregate of the amount of the payment and the amount of any income tax [^{F22}and any relevant debts deductible] due, and
 - (b) in any other case, the amount of the payment.
- (4) If, by virtue of any of sections [^{F23}687A and] 693 to 700, an employer would be treated for the purposes of PAYE regulations (if they applied to the employer) as making a payment of any amount to an employee, [^{F24}and if the case is not within subsection (4A),] this section has effect as if—
- (a) the employer were also to be treated for the purposes of this section as making an actual payment of that amount, and
 - (b) paragraph (a) of subsection (3) were omitted.
- [^{F25}(4A) A case is within this subsection if—
- (a) the section concerned is section 687A or 695A (employment income under Part 7A), and
 - (b) the relevant step concerned is within paragraph 1 of Schedule 11 to F(No. 2)A 2017 (loans etc outstanding on 5 April 2019).

(And this section does not apply in a case within this subsection.)]

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- (5) For the purposes of this section a payment of, or on account of, PAYE income of an employee is made by an intermediary of the employer or of the relevant person if it is made—
- (a) by a person acting on behalf of the employer or the relevant person and at the expense of the employer or the relevant person or a person connected with the employer or the relevant person, or
 - (b) by trustees holding property for any persons who include or class of persons which includes the employee.
- (6) In this section and sections 690 and 691 “work”, in relation to an employee, means the performance of any duties of the employment of the employee and any reference to the employee’s working is to be read accordingly.

Textual Amendments

- F16** Words in s. 689(1)(d) substituted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(7\)\(a\)](#)
- F17** S. 689(1ZA) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. [21\(4\)\(10\)](#)
- F18** S. 689(1A) inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 30\(2\)](#)
- F19** S. 689(1B)(1C) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. [20\(2\)\(4\)](#)
- F20** Words in s. 689(2) substituted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. [20\(3\)\(4\)](#)
- F21** Words in s. 689(3)(a) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(7\)\(b\)\(i\)](#)
- F22** Words in s. 689(3)(a) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(7\)\(b\)\(ii\)](#)
- F23** Words in s. 689(4) inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 30\(3\)](#)
- F24** Words in s. 689(4) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 1 para. 12\(2\)](#)
- F25** S. 689(4A) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 1 para. 12\(3\)](#)

[^{F26}689A] Oil and gas workers on the continental shelf

- (1) This section applies if—
- (a) any payment of, or on account of, PAYE income of a continental shelf worker in respect of a period is made by a person who is the employer or an intermediary of the employer or of the relevant person,
 - (b) PAYE regulations do not apply to the person making the payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, to the employer, and
 - (c) income tax and any relevant debts are not deducted, or not accounted for, in accordance with PAYE regulations by the person making the payment or, if that person makes the payment as an intermediary of the employer or of the relevant person, by the employer.
- (2) Subject to subsection (5), subsection (1)(a) does not apply in relation to a payment so far as the sum paid is employment income under Chapter 2 of Part 7A.
- (3) The relevant person is to be treated, for the purposes of PAYE regulations, as making a payment of PAYE income of the continental shelf worker of an amount equal to the amount given by subsection (4).

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- (4) The amount referred to is—
- (a) if the amount of the payment actually made is an amount to which the recipient is entitled after deduction of income tax and any relevant debts under PAYE regulations, the aggregate of the amount of the payment and the amount of any income tax due and any relevant debts deductible, and
 - (b) in any other case, the amount of the payment.
- (5) If, by virtue of any of sections 687A and 693 to 700, an employer would be treated for the purposes of PAYE regulations (if they applied to the employer) as making a payment of any amount to a continental shelf worker, this section has effect as if—
- (a) the employer were also to be treated for the purposes of this section as making an actual payment of that amount, and
 - (b) paragraph (a) of subsection (4) were omitted.
- (6) For the purposes of this section a payment of, or on account of, PAYE income of a continental shelf worker is made by an intermediary of the employer or of the relevant person if it is made—
- (a) by a person acting on behalf of the employer or the relevant person and at the expense of the employer or the relevant person or a person connected with the employer or the relevant person, or
 - (b) by trustees holding property for any persons who include, or a class of persons which includes, the continental shelf worker.
- (7) PAYE regulations may make provision for, or in connection with, the issue by Her Majesty's Revenue and Customs of a certificate to a relevant person in respect of one or more continental shelf workers—
- (a) confirming that, in respect of payments of, or on account of, PAYE income of the continental shelf workers specified or described in the certificate, income tax and any relevant debts are being deducted, or accounted for, as mentioned in subsection (1)(c), and
 - (b) disapplying this section in relation to payments of, or on account of, PAYE income of those workers while the certificate is in force.
- (8) Regulations under subsection (7) may, in particular, make provision about—
- (a) applying for a certificate;
 - (b) the circumstances in which a certificate may, or must, be issued or cancelled;
 - (c) the form and content of a certificate;
 - (d) the effect of a certificate (including provision modifying the effect mentioned in subsection (7)(b) or specifying further effects);
 - (e) the effect of cancelling a certificate.
- (9) Subsection (10) applies if—
- (a) there is more than one relevant person in relation to a continental shelf worker, and
 - (b) in consequence of the same payment within subsection (1)(a), each of them is treated under subsection (3) as making a payment of PAYE income of the worker.
- (10) If one of the relevant persons complies with section 710 (notional payments: accounting for tax) in respect of the payment that person is treated as making, the other relevant persons do not have to comply with that section in respect of the payments they are treated as making.

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(11) In this section—

“continental shelf worker” means a person in an employment some or all of the duties of which are performed—

- (a) in the UK sector of the continental shelf (as defined in section 41), and
- (b) in connection with exploration or exploitation activities (as so defined);

“employer” means the employer of the continental shelf worker;

“relevant person”, in relation to a continental shelf worker, means—

- (a) if the employer has an associated company (as defined in section 449 of CTA 2010) with a place of business or registered office in the United Kingdom, the associated company, or
- (b) in any other case, the person who holds the licence under Part 1 of the Petroleum Act 1998 in respect of the area of the UK sector of the continental shelf where some or all of the duties of the continental shelf worker's employment are performed.

[The Treasury may by regulations modify the definitions of “continental shelf worker”^{F27}(12) and “relevant person”, as the Treasury thinks appropriate.

(13) Regulations under subsection (12) may—

- (a) make different provision for different cases or different purposes,
- (b) make incidental, consequential, supplementary or transitional provision or savings, and
- (c) amend this section.]]

Textual Amendments

F26 S. 689A inserted (26.3.2014 for specified purposes, 6.4.2014 in so far as not already in force) by [Finance Act 2014 \(c. 26\), s. 21\(5\)\(9\)](#)

F27 S. 689A(12)(13) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 21\(8\)](#)

690 Employee non-resident etc.

- (1) This section applies in relation to an employee in a tax year^{F28} ... if the employee—
- [^{F29}(a) is either non-UK resident for the tax year or is UK resident but meets the requirement of section 26A for the tax year, and]
 - (b) works or will work in the United Kingdom and also works or is likely to work outside the United Kingdom.

[^{F30}(1A) This section also applies in relation to an employee in a tax year if it appears to an officer of Revenue and Customs that—

- (a) the tax year is likely to be a split year as respects the employee, and
- (b) the employee works or will work in the United Kingdom and also works or is likely to work outside the United Kingdom.]

(2) If in relation to an employee to whom this section applies and any tax year it appears to [^{F31}an officer of Revenue and Customs]—

- (a) some of the income paid to the employee by the employer is PAYE income, but
- (b) some of that income may not be PAYE income,

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[^{F31}an officer of Revenue and Customs] may, on an application made by the appropriate person, give a direction for determining a proportion of any payment made in that year of, or on account of, income of the employee which is to be treated as PAYE income.

[^{F32}(2A) For the purposes of subsection (2) as it applies in relation to an employee who is UK resident [^{F33}for a tax year but not domiciled in the United Kingdom in that tax year], the officer may treat section 809B of ITA 2007 (remittance basis) as applying to the employee for that year, even if no claim under that section has been made.]

(3) In this section—

- (a) “the appropriate person” means the person designated by the employer for the purposes of this section and, if no person is so designated, the employer, and
- (b) any reference to a payment made by the employer includes a reference to a payment made by a person acting on behalf of the employer and at the expense of the employer or a person connected with the employer.

(4) An application under subsection (2) must provide such information as is available and is relevant to the application.

(5) A direction under subsection (2)—

- (a) must specify the employee to whom and the tax year to which it relates,
- (b) must be given by notice to the appropriate person, and
- (c) may be withdrawn by notice to the appropriate person from a date specified in the notice.

(6) The date so specified may not be earlier than 30 days from the date on which the notice of withdrawal is given.

(7) If—

- (a) a direction under subsection (2) has effect in relation to an employee to whom this section applies, and
- (b) a payment of, or on account of, the income of the employee is made by the employer in the tax year to which the direction relates,

the proportion of the payment determined in accordance with the direction is to be treated for the purposes of PAYE regulations as a payment of PAYE income of the employee.

(8) If in any tax year—

- (a) no direction under subsection (2) has effect in relation to an employee to whom this section applies, and
- (b) any payment of, or on account of, the income of the employee is made by the employer,

the entire payment is to be treated for the purposes of PAYE regulations as a payment of PAYE income of the employee.

(9) Subsections (7) and (8) are without prejudice to—

- (a) any assessment in respect of the income of the employee in question, and
- (b) any right to repayment of income tax [^{F34}and any relevant debts] overpaid and any obligation to pay income tax underpaid [^{F35}and any relevant debts that remain wholly or partly unpaid] .

(10) In a case where section 689 [^{F36}or 689A] applies—

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- (a) the references to the employer in subsection (3)(a) are to be read as references to the relevant person, and
- (b) any reference to a payment made by the employer is to be read as a reference to a payment treated, for the purposes of PAYE regulations, as made by the relevant person.

In this subsection “the relevant person” has the same meaning as in section 689 [F37 or (as the case may be) 689A] .

Textual Amendments

- F28** Word in s. 690(1) omitted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 73\(2\)](#)
- F29** S. 690(1)(a) substituted (with effect in accordance with Sch. 46 para. 25 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 15\(2\)](#) (with [Sch. 46 para. 26](#))
- F30** S. 690(1A) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 73\(3\)](#)
- F31** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 102\(1\)](#); S.I. 2005/1126, art. 2(2)(h)
- F32** S. 690(2A) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 35](#)
- F33** Words in s. 690(2A) substituted (with effect in accordance with Sch. 46 para. 25 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 15\(3\)](#) (with [Sch. 46 para. 26](#))
- F34** Words in s. 690(9)(b) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(8\)\(a\)](#)
- F35** Words in s. 690(9)(b) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(8\)\(b\)](#)
- F36** Words in s. 690(10) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. [21\(6\)\(a\)\(10\)](#)
- F37** Words in s. 690(10) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. [21\(6\)\(b\)\(10\)](#)

691 Mobile UK workforce

- (1) This section applies if it appears to [F38 the Commissioners for Her Majesty’s Revenue and Customs] that—
 - (a) a person (“the relevant person”) has entered into or is likely to enter into an agreement that employees of another person (“the contractor”) are in any period to work for, but not as employees of, the relevant person,
 - (b) payments of, or on account of, PAYE income of the employees in respect of work done in that period are likely to be made by or on behalf of the contractor, and
 - (c) PAYE regulations would apply on the making of such payments but it is likely that income tax [F39 and any relevant debts] will not be deducted, or will not be accounted for, in accordance with the regulations.
- (2) The [F40 Commissioners] may give a direction that, if—
 - (a) any of the employees of the contractor work in any period for, but not as employees of, the relevant person, and
 - (b) any payment is made by the relevant person in respect of work done by the employees in that period,[F41 income tax and any relevant debts are] to be deducted in accordance with the provisions of this section by the relevant person on making the payment.

Status: Point in time view as at 18/01/2020.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 3 is up to date with all changes known to be in force on or before 05 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) A direction under subsection (2)—
- (a) must specify the relevant person and the contractor to whom it relates;
 - (b) must be given by notice to the relevant person; and
 - (c) may at any time be withdrawn by notice to the relevant person.
- (4) The [^{F40}Commissioners] must take such steps as are reasonably practicable to ensure that a contractor is supplied with a copy of any notice under subsection (3) which relates to him.
- (5) If—
- (a) a direction under subsection (2) has effect, and
 - (b) any employees of the contractor specified in the direction work for, but not as employees of, the relevant person so specified,
- income tax [^{F42}and any relevant debts are], subject to and in accordance with PAYE regulations, to be deducted by the relevant person on making any payment in respect of that work as if so much of the payment as is attributable to work done by each employee were a payment of PAYE income of that employee.

Textual Amendments

- F38** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 102\(2\)](#); S.I. 2005/1126, art. 2(2)(h)
- F39** Words in s. 691(1)(c) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(9\)\(a\)](#)
- F40** Words in s. 691 substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 102\(3\)\(i\)](#); S.I. 2005/1126, art. 2(2)(h)
- F41** Words in s. 691(2) substituted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(9\)\(b\)](#)
- F42** Words in s. 691(5) substituted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(9\)\(c\)](#)

692 Organised arrangements for sharing tips

- (1) PAYE regulations may make provision with respect to organised arrangements for tips to be shared among employees by a person (“P”) who is not the principal employer.
- (2) PAYE regulations may include provisions which, for the purposes of PAYE regulations—
- (a) treat every payment made by P to an employee by way of the employee’s share of any tips (including the retention by P of P’s own share if P is an employee) as a payment of PAYE income by P, and
 - (b) treat P as the employer in relation to every such payment.
- (3) PAYE regulations may also include provisions which—
- (a) apply if P has failed to comply with any of the requirements of PAYE regulations, and
 - (b) treat the principal employer, for the purposes of PAYE regulations, as making payments to the employees of any tips paid over to P by the principal employer.
- (4) In this section—

Status: Point in time view as at 18/01/2020.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 3 is up to date with all changes known to be in force on or before 05 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“the principal employer” means the person under whose general control and management the employees work;

“tips” means gratuities and service charges.

Status:

Point in time view as at 18/01/2020.

Changes to legislation:

Income Tax (Earnings and Pensions) Act 2003, Chapter 3 is up to date with all changes known to be in force on or before 05 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.