

---

STATUTORY INSTRUMENTS

---

**1993 No. 725**

**INCOME TAX**

**The Income Tax (Employments) (No. 24) Regulations 1993**

<i>Made</i>	- - - -	<i>16th March 1993</i>
<i>Laid before the House of Commons</i>	- - - -	<i>16th March 1993</i>
<i>Coming into force</i>	- -	<i>6th April 1993</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 203(2) of the Income and Corporation Taxes Act 1988<sup>(1)</sup>, hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Income Tax (Employments) (No. 24) Regulations 1993 and shall come into force on 6th April 1993.

**Interpretation**

2. In these Regulations “the Principal Regulations” means the Income Tax (Employments) Regulations 1973<sup>(2)</sup>.

**Amendments to the Principal Regulations**

3. In Regulation 26B of the Principal Regulations<sup>(3)</sup>—

(a) after paragraph (3) there shall be inserted—

“(3A) If tax recoverable from an employee under paragraph (3) of this Regulation does not carry interest under section 88 of the Taxes Management Act 1970<sup>(4)</sup>, it shall carry interest in accordance with Regulation 26C from the reckonable date (as defined in that Regulation) until whichever is the earlier of—

(a) the date on which payment is made, or

---

(1) 1988 c. 1; section 203(2) was amended by section 128(1) of the Finance Act 1988 (c. 39).

(2) S.I.1973/334.

(3) Regulations 26A and 26B were inserted by S.I. 1991/1080.

(4) 1970 c. 9; section 88 was amended by paragraph 87 of Schedule 6 to the Finance Act 1971 (c. 68), section 46(4) of the Finance (No. 2) Act 1975 (c. 45), section 61(4) of the Finance Act 1980 (c. 48), paragraph 32 of Schedule 29 and Schedule 31 to the Income and Corporation Taxes Act 1988, and sections 159, 160(1), 161 and 179(1) of the Finance Act 1989 (c. 26), and (prospectively) by section 86(4) of the Finance (No. 2) Act 1987 (c. 51).

(b) the date (if any) immediately before the date on which it begins to carry interest under section 86 of the Taxes Management Act 1970(5).”;

(b) after paragraph (6) there shall be added—

“(7) A certificate of the Collector that any amount of interest payable under paragraph (3A) 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 due to the Crown.

(8) Any document purporting to be a certificate within paragraph (7) shall be deemed to be such a certificate until the contrary is proved.”.

4. After Regulation 26B of the Principal Regulations there shall be inserted—

**“Interest on tax overdue**

**26C.**—(1) Subject to paragraph (2), where, in relation to the year ended 5th April 1993 or any subsequent year, an employer has not within 14 days after the end of a year paid to the Collector the total net tax deductible by him in respect of all his employees during that year, the tax not so paid shall carry interest at the prescribed rate from the reckonable date until payment.

(2) Paragraph (1) above shall not apply to any tax in respect of which a direction under Regulation 26B(2) or (3) has been made.

(3) In this Regulation “the prescribed rate” means the rate applicable under section 178 of the Finance Act 1989(6) for the purposes of section 86 of the Taxes Management Act 1970; and where that rate changes on an operative date within the meaning given by Regulation 2 of the Taxes (Interest Rate) Regulations 1989(7) by virtue of those Regulations, the change shall have effect for periods beginning on or after the operative date in relation to interest running from before that date as well as from or from after that date.

(4) In this Regulation “the reckonable date”, in relation to any year, means the 14th day after the end of that year.

(5) The tax payable to which paragraph (1) of this Regulation applies shall carry interest from the reckonable date even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882(8).

(6) Interest payable under this Regulation shall be recoverable as if it were an amount of tax which an employer is liable under Regulation 26 or 26A to pay to the Collector.

(7) A certificate of the Collector that any amount of interest payable under 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 due to the Crown.

---

(5) Section 86 was substituted by section 46(1) of the Finance (No. 2) Act 1975; the section as substituted was amended by sections 61(3) and 62(1) and (2) of the Finance Act 1980, Part V of Schedule 16 to the Finance Act 1987 (c. 16), paragraph 32 of Schedule 29 to the Income and Corporation Taxes Act 1988, sections 156(1) and 179(1) of the Finance Act 1989, section 73(4) and (5) of, and paragraph 1 of Schedule 15 to, the Finance Act 1991 (c. 31), sub-paragraphs (1) and (8) of paragraph 2 of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12) and paragraph 3 of Schedule 11 to, and Part VII(8) of Schedule 18 to, the Finance (No. 2) Act 1992 (c. 48), and (prospectively) by section 86(2) of the Finance (No. 2) Act 1987 and section 158(1) of, and Part VIII of Schedule 17 to, the Finance Act 1989.

(6) Section 178 was amended by section 17(10) of the Social Security Act 1990 (c. 27), paragraph 107 of Schedule 2 to the Social Security (Consequential Provisions) Act 1992 (c. 6), paragraph 19(4) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 and paragraph 5 of Schedule 11 to the Finance (No. 2) Act 1992.

(7) S.I. 1989/1297, to which there are amendments not relevant to these Regulations.

(8) 1882 c. 61; section 92 was amended by sections 3(1) and 4(4) of the Banking and Financial Dealings Act 1971 (c. 80).

(8) Any document purporting to be a certificate within paragraph (7) shall be deemed to be such a certificate until the contrary is proved.

### **Interest on tax overpaid**

**26D.**—(1) Where tax in respect of the year ended 5th April 1993 or any subsequent year is repaid to an employer in the circumstances specified in paragraph (2), the tax repaid shall carry interest at the prescribed rate from the relevant time until the order for the repayment is issued.

(2) The circumstances specified in this paragraph are where the tax is repaid—

- (a) after the end of the year following that in respect of which the tax was paid, and
- (b) after the end of the year in which the tax was paid.

(3) In this Regulation “the prescribed rate” means the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 824 of the Income and Corporation Taxes Act 1988<sup>(9)</sup>; and where that rate changes on an operative date within the meaning given by Regulation 2 of the Taxes (Interest Rate) Regulations 1989 by virtue of those Regulations, the change shall have effect for periods beginning on or after the operative date in relation to interest running from before that date as well as from or from after that date.

(4) In this Regulation “the relevant time” means—

- (a) in the case of a repayment of tax which was paid more than twelve months after the end of the year in respect of which the payment was made, the end of the year in which that tax was paid; and
- (b) in any other case, the end of the year after the year in respect of which the payment was made.”.

### **5. In Regulation 29 of the Principal Regulations(10)—**

- (a) in paragraph (4) the words “together with interest” to the end shall be omitted;
- (b) after that paragraph there shall be inserted—

“(4A) If tax recoverable from an employee under paragraph (4) of this Regulation does not carry interest under section 88 of the Taxes Management Act 1970, it shall be recoverable from the employee together with interest in accordance with—

- (a) Regulation 29A, in relation to any year not later than the year ended 5th April 1992, from the reckonable date (as defined in that Regulation), or
- (b) Regulation 26C, in relation to the year ended 5th April 1993 or any subsequent year, from the reckonable date (as defined in that Regulation)

until whichever is the earlier of—

- (i) the date on which payment is made, or
- (ii) the date (if any) immediately before the date on which it begins to carry interest under section 86 of the Taxes Management Act 1970.”;

- (c) after paragraph (5) there shall be added—

“(6) A certificate of the Collector that any amount of interest payable under paragraph (4A) 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,

<sup>(9)</sup> Section 824 was amended by paragraph 7 of Schedule 13 to the Finance Act 1988, sections 110(5), 111(4), 158(2) and 179(1) of, and Parts IV, VIII and X of Schedule 17 to, the Finance Act 1989, and sub-paragraphs (1) and (52) of paragraph 14 of Schedule 10 to the Taxation of Chargeable Gains Act 1992.

<sup>(10)</sup> Regulation 29 was amended by S.I. 1985/350, 1988/637 and 1991/1080.

shall be sufficient evidence that the sum mentioned in the certificate is unpaid and due to the Crown.

(7) Any document purporting to be a certificate within paragraph (6) shall be deemed to be such a certificate until the contrary is proved.”.

**6.** In Regulation 29A of the Principal Regulations(**11**), in paragraph (1), there shall be inserted after sub-paragraph (b) and the word “and” immediately following it—

“(ba) the determination does not relate to a year later than the year ended 5th April 1992, and”.

*L. J. H. Beighton*

*C. W. Corlett*

16th March 1993

Two of the Commissioners of Inland Revenue

---

(11) Regulation 29A was inserted by S.I. [1988/637](#) and amended by S.I. [1989/1289](#), [1990/79](#) and [1991/1080](#).

---

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which come into force on 6th April 1993, amend the provisions of the Income Tax (Employments) Regulations 1973 (as amended) (“the PAYE Regulations”) which relate to interest on unpaid tax.

The central provision relating to interest on unpaid tax is the new regulation 26C. This applies in relation to the year 1992–93 and subsequent years of assessment, and provides that, where an employer has not paid the net tax deductible by him to the collector within 14 days after the end of a year of assessment, the tax not so paid shall (unless a direction is made under regulation 26B(2) or (3)) carry interest at “the prescribed rate” from “the reckonable date” until the date of payment. The expressions “the prescribed rate” and “the reckonable date” are defined in the new regulation.

The existing provisions in the PAYE Regulations which relate to interest on unpaid tax appear at regulation 29A. These Regulations also amend that regulation so that regulation 29A of the PAYE Regulations does not apply to years of assessment later than 1991–92.

The PAYE Regulations make provision (at regulations 26B(3) and 29(4)) for sums to be recovered from the employee in the circumstances there specified. So far as the year 1992–93 and subsequent years of assessment are concerned, these Regulations also provide that these sums shall carry interest in accordance with regulation 26C from “the reckonable date” until either the date of payment or the date immediately before that on which the sum begins to carry interest under section 86 of the Taxes Management Act 1970 (whichever is the earlier). The expression “the reckonable date” has the same meaning as in regulation 26C. So far as the year 1991–92 and earlier years of assessment are concerned, tax subject to a direction under regulation 29(4) will carry interest in accordance with regulation 29A, as presently provided in the PAYE Regulations.

The Regulations also provide, in the new regulation 26D, that, where tax in respect of the year ended 5th April 1993 or any subsequent year is repaid to an employer after the end of the following year, and after the end of the year in which the tax was paid, the tax repaid shall carry interest at “the prescribed rate” from the “the relevant time” until the order for the repayment is issued. The expressions “the prescribed rate” and “the relevant time” are defined in regulation 26D.