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STATUTORY INSTRUMENTS

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**2003 No. 2682**

**The Income Tax (Pay As You Earn) Regulations 2003**

**PART 3**

**DEDUCTION AND REPAYMENT OF TAX**

**CHAPTER 1**

**DEDUCTION AND REPAYMENT**

*Simplified deduction scheme*

**Simplified deduction scheme for personal employees**

**34.**—(1) The Inland Revenue may authorise the employer of a personal employee to deduct tax from each relevant payment made to the employee by reference to the appropriate taxable payments in the simplified tax tables.

(2) The amount of tax to be deducted must be—

- (a) calculated by reference to the aggregate of the relevant payments made to the authorised personal employee during the payment period, and
- (b) reduced by the amount of tax calculated, by reference to that aggregate, when the employer made the previous relevant payment in the same payment period.

(3) In this regulation—

“payment period” means the interval for which free pay is calculated shown on the deductions working sheet issued in accordance with regulation 35(3);

“personal employee” means—

- (a) a person employed at the employer’s home to provide domestic or personal services for the employer or the employer’s family, or
- (b) a person employed to assist the employer with any business, profession or course of study which, solely because of any physical or mental disability, the employer would not be able to carry on without the assistance of the personal employee;

and “authorised personal employee” means a personal employee in respect of whom an authorisation under paragraph (1) is in force;

“simplified tax tables” means the parts of the tax tables which are prepared by the Board of Inland Revenue for use under this regulation.

(4) The following regulations do not apply to cases in which this regulation and regulation 35 apply—

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regulation 15

flat rate codes

regulation 16

continued application of employee’s code

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regulation 21	deduction and repayment of tax by reference to employee's code
regulations 22 to 25	cumulative basis
regulations 26 to 31	non-cumulative basis
regulations 32 and 33	higher rate and nil tax codes
regulation 36	cessation of employment: Form P45
regulations 42 to 45	employer to complete Form P45
regulation 55	PAYE pension income paid by former employer
regulation 66	deductions working sheets.

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### **Simplified deduction schemes: records**

**35.**—(1) The employer must maintain the following records in relation to an authorised personal employee.

(2) The records are—

- (a) the date of each relevant payment,
- (b) the amount of the relevant payment,
- (c) the amount of the free pay,
- (d) the amount of the taxable payments, and
- (e) the amount of tax, if any, deducted on making the relevant payment, or to be deducted or accounted for under regulation 62(4) or (5) (notional payments).

(3) The employer must maintain the records in a deductions working sheet which has been issued by the Inland Revenue showing the code for use by the employer in respect of the employee for the tax year.

(4) On ceasing to employ an authorised personal employee, the employer must return the completed deductions working sheet in respect of that employee to the Inland Revenue.

(5) Before 20th May following the end of a tax year, an employer who, at the end of that tax year, was employing one or more authorised personal employees must send to the Inland Revenue—

- (a) the completed deductions working sheets in respect of those employees, and
- (b) a return which complies with paragraph (6).

(6) The employer must declare and certify in the return—

- (a) how many deductions working sheets are being sent,
- (b) that those are all the deductions working sheets which have been issued to the employer and not already returned to the Inland Revenue, and
- (c) that the information contained in the deductions working sheets is fully and truly stated to the best of the employer's knowledge and belief.

(7) The return is treated for the purposes of these Regulations as the return required by regulation 73(1) (annual return of relevant payments liable to deduction of tax).

(8) "Personal employee" and "authorised personal employee" have the same meaning as in regulation 34.