
STATUTORY INSTRUMENTS

2003 No. 2682

The Income Tax (Pay As You Earn) Regulations 2003

PART 6

PAYE SETTLEMENT AGREEMENTS

Making and effect of PSA

Inland Revenue and employer may make PSA

105.—(1) The Inland Revenue and an employer may agree that paragraph (2) applies in respect of income tax on qualifying general earnings of the employer's employees for a tax year.

- (2) In relation to qualifying general earnings included in the agreement, the employer is—
- (a) accountable to the Board of Inland Revenue in accordance with the terms of the agreement and this Part, and
 - (b) not accountable in accordance with the rest of these Regulations.
- (3) Such an agreement is referred to as a PAYE settlement agreement (“PSA”).

Commencement Information

II [Reg. 105](#) in force at 6.4.2004, see [reg. 1](#)

Qualifying general earnings

106.—(1) Qualifying general earnings are those general earnings which meet conditions A and B.

- (2) Condition A is that the general earnings consist of—
- (a) taxable benefits provided or made available by reason of employments with the employer, or
 - (b) expenses paid to persons holding those employments.
- (3) Condition B is that the employer and the Inland Revenue agree that the general earnings are—
- (a) minor, as regards the amount of the sums paid or the type of benefit provided or made available,
 - (b) irregular, as regards the frequency in which, or the times at which, the sums are paid or the benefit is provided or made available,
 - (c) paid in circumstances where deduction of tax by reference to the tax tables is impracticable, or
 - (d) in the case of a benefit provided or made available, shared between employees so that apportionment of the benefit between the employees is impracticable.

Status: Point in time view as at 06/04/2012.

Changes to legislation: There are currently no known outstanding effects for the The Income Tax (Pay As You Earn) Regulations 2003, Cross Heading: Making and effect of PSA. (See end of Document for details)

(4) “Taxable benefit”, in relation to an employee, means any benefit provided or made available, other than in the form of a payment of money, to the employee or to a person who is a member of the employee’s family or household.

(5) General earnings to which regulation 112(2)(a) or (b) (pre-agreement general earnings etc) apply are not qualifying general earnings.

Commencement Information

I2 [Reg. 106](#) in force at 6.4.2004, see [reg. 1](#)

Effect of PSA

107.—(1) Qualifying general earnings included in the PSA are treated as excluded from an employee’s income for the purposes of determining the amount of the employee’s liability to income tax for the tax year to which the PSA relates.

(2) But this does not affect—

- (a) the chargeability of those qualifying general earnings to income tax, or
- (b) the employer’s liability under the PSA to account for income tax in respect of those qualifying general earnings.

(3) Sums in respect of income tax for which an employer is accountable to the Board of Inland Revenue under a PSA are not to be treated, for the purposes of these Regulations, as tax deducted from relevant payments.

(4) An employee has no right to be treated as having paid tax in respect of sums for which the employer is accountable under a PSA, and accordingly is not entitled to claim or receive any refund of tax paid by the employer under the PSA.

(5) An employee must, subject to paragraph (6), be treated as relieved from any obligations under the Income Tax Acts—

- (a) to keep records containing information relating to qualifying general earnings included in a PSA, or
- (b) to deliver returns in respect of those qualifying general earnings.

(6) Paragraph (5) does not apply for the purposes of the obligations imposed on the employer under regulation 117 (inspection of PSA records).

(7) Qualifying general earnings comprised in a PSA are not to be included—

- (a) in a return by the employer under regulation [^{F1}67B, 67D, 67E,] 73, 74, or 75 (returns of relevant payments and tax deducted), nor
- (b) in particulars provided by the employer under regulation 85 (annual return of other earnings (Forms P11D and P9D)).

Textual Amendments

F1 Words in [reg. 107\(7\)\(a\)](#) inserted (6.4.2012) by [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2012 \(S.I. 2012/822\)](#), [regs. 1\(1\)](#), [45](#)

Commencement Information

I3 [Reg. 107](#) in force at 6.4.2004, see [reg. 1](#)

Status:

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Changes to legislation:

There are currently no known outstanding effects for the The Income Tax (Pay As You Earn) Regulations 2003, Cross Heading: Making and effect of PSA.