
STATUTORY INSTRUMENTS

2003 No. 2682

The Income Tax (Pay As You Earn) Regulations 2003

PART 7

SPECIAL CASES

[^{F1}CHAPTER 2A

SOCIAL SECURITY LUMP SUMS

Textual Amendments

F1 Pt. 7 Ch. 2A added (6.4.2006) by [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2006 \(S.I. 2006/243\)](#), regs. 1, 3

Interpretation of Chapter 2A

133A.—(1) In this Chapter—

“the Act” means the Finance (No.2) Act 2005 and a reference (without more) to a numbered provision is a reference to the provision of the Act bearing that number;

“the Department” means—

- (a) in Great Britain, the Department for Work and Pensions; and
- (b) in Northern Ireland, the Department for Social Development;

“lump sum” means a social security pension lump sum as defined in section 9 of the Act;

“the recipient” means a person who has become entitled to a lump sum.

Application of other Parts

133B.—(1) Parts 2 (codes) and 3 (deduction and repayment of tax) do not apply to lump sums.

(2) The rest of these Regulations apply as if Her Majesty’s Revenue and Customs had issued a code in respect of a social security pension lump sum at either—

- (a) the rate notified to the Department by the recipient pursuant to regulation 133D, or
- (b) the basic rate, if the recipient has not notified the Department of a rate.

Determination of Rate of Deduction

133C.—(1) On making any payment of a lump sum to a recipient during a tax year, the Department must deduct income tax at the marginal rate calculated in accordance with subparagraph (2).

(2) For the purposes of this chapter the marginal rate is either—

- (a) the rate notified to the Department by the recipient in accordance with regulation 133D, or

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(b) in default of any such notification, the basic rate.

Notification by Recipient of Notice of Tax Rate

133D.—(1) The recipient shall notify the Department that he considers the nil tax code should be applied to the lump sum or that one of the following rates should be used—

- ^{F2}(a)
- (b) the basic rate, or
- (c) the higher rate,

in accordance with section 7(5) of the Act.

(2) Notification shall be in the form, and made within the period, specified by the Department.

Textual Amendments

F2 Reg. 133D(1)(a) omitted (6.4.2008) by [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2008 \(S.I. 2008/782\)](#), regs. 1, **13**

Certificate of tax deducted

133E.—(1) On making any payment of a lump sum from which tax is deducted, the Department may and if the recipient so requires, must, give the recipient an award notification showing the following particulars.

- (2) The particulars are—
 - (a) the recipient’s name,
 - (b) the recipient’s national insurance number, if known,
 - (c) the date of the payment,
 - (d) the amount of the payment, and
 - (e) the amount of tax deducted.

Repayment to recipient during tax year

133F. The Department may repay tax deducted from a lump sum to a recipient at any time during the tax year in which it was paid, if it appears to the Department that the incorrect rate of income tax was applied to the payment due to an administrative error by the Department.

Records and notices

133G.—(1) The Department must record, in a deductions working sheet, the following particulars about any payment of a lump sum.

- (2) The particulars are—
 - (a) the recipient’s name,
 - (b) the recipient’s national insurance number, if known,
 - (c) the amount of the payment,
 - (c) the date of the payment,
 - (d) the amount of tax (if any) deducted from the payment,
 - (e) the tax rate (if any) notified by the recipient to the Department, and

- (f) the amount of any repayment made to the recipient in respect of the lump sum.
- (3) The Department shall notify an officer of Revenue and Customs when a lump sum payment is made.
- (4) The notification referred to in sub-paragraph (3) shall contain the following information—
 - (a) the recipient's name and address,
 - (b) the recipient's national insurance number, if known,
 - (c) the date of the payment, and
 - (d) the recipient's date of birth.
- (5) The Department shall administer a separate PAYE scheme for the lump sum payments.

Other PAYE income of recipient

133H. Nothing in this Chapter affects the application of these Regulations to any other PAYE income of a recipient.]

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