
STATUTORY INSTRUMENTS

2003 No. 2682

The Income Tax (Pay As You Earn) Regulations 2003

PART 6

PAYE SETTLEMENT AGREEMENTS

Making and effect of PSA

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 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)).