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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 4**

**MISCELLANEOUS**

**Deductions in respect of notional payments**

**62.**—(1) This regulation applies if an employer makes a relevant payment which is a notional payment [<sup>F1</sup>(including a notional payment arising by virtue of a retrospective tax provision)] to an employee.

(2) The employer must, so far as possible, deduct tax required to be deducted in respect of a notional payment in accordance with any of [<sup>F2</sup>the provisions listed in paragraph (3)] from any relevant payment or payments which the employer actually makes to the employee at the same time as the notional payment.

(3) [<sup>F3</sup>The provisions are—]

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regulations 22 to 25	cumulative basis
regulations 26 to 31	non-cumulative basis
regulation 32	higher rate code: deductions
<sup>F4</sup>	<sup>F4</sup>
...	...
regulation 37	PAYE income paid after employment ceased.
[ <sup>F5</sup> paragraphs (2) and (3) of regulation 37A	Income paid after cessation of employment becoming subject to PAYE]

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(4) If the employer cannot deduct the full amount of tax as required by paragraph (2) from another relevant payment made at the same time as the notional payment, the employer must, so far as possible, deduct the tax from any payment or payments which the employer makes later in the same tax period.

(5) If the relevant payments actually made are insufficient to enable the employer to deduct the full amount of tax due in respect of notional payments, the employer must account to the Board of Inland Revenue for any amount which the employer is unable to deduct.

(6) Regulations 23(5) and 28(5) (deductions on cumulative or non-cumulative basis not to exceed the overriding limit) do not apply to the extent that the tax to be deducted is in respect of a notional payment.

**Textual Amendments**

- F1** Words in [reg. 62\(1\)](#) inserted (6.4.2007) by [The Income Tax \(Pay as You Earn\) \(Amendment\) Regulations 2007 \(S.I. 2007/1077\)](#), regs. 1, **8(2)**
- F2** Words in [reg. 62\(2\)](#) substituted (6.4.2007) by [The Income Tax \(Pay as You Earn\) \(Amendment\) Regulations 2007 \(S.I. 2007/1077\)](#), regs. 1, **8(3)**
- F3** Words in [reg. 62\(3\)](#) substituted (6.4.2007) by [The Income Tax \(Pay as You Earn\) \(Amendment\) Regulations 2007 \(S.I. 2007/1077\)](#), regs. 1, **8(4)(a)**
- F4** Words in [reg. 62\(3\)](#) omitted (6.4.2014) by virtue of [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2013 \(S.I. 2013/521\)](#), regs. 1(4), **8**
- F5** Words in [reg. 62\(3\)](#) Table inserted (6.4.2007) by [The Income Tax \(Pay as You Earn\) \(Amendment\) Regulations 2007 \(S.I. 2007/1077\)](#), regs. 1, **8(4)(b)**

**Changes to legislation:**

There are currently no known outstanding effects for the The Income Tax (Pay As You Earn) Regulations 2003, Section 62.