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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Income Tax (Pay As You Earn) Regulations 2003 (“the principal Regulations”) (S.I. 2003/2682) which make provision for the assessment, charge, collection and recovery of income tax in respect of pay as you earn income (“PAYE income”).

Regulation 2(2) amends the definition of “notice” in regulation 2(1) of the principal Regulations to include a notice given by way of an approved method of electronic communications, that is a method of electronic communication approved by the Commissioners for Her Majesty’s Revenue and Customs (‘HMRC’) by the issue of a specific or general direction (see regulation 189 of the principal Regulations).

Under the principal Regulations employers are required to deduct tax from payments to employees by reference to a tax code determined by HMRC. Regulation 17(2) of the principal Regulations sets out the circumstances in which HMRC does not have to notify the employee of the tax code to be used by the employer in relation to payments to that employee. Regulation 2(3) of these Regulations amends regulation 17(2) so that HMRC does not need to notify the employee of the code where the employee’s PAYE income is not chargeable to tax or where the employee has no liability to tax in respect of any PAYE income.

Regulation 2(4) of these Regulations amends regulation 19(4) of the principal Regulations. Regulation 19 sets out the circumstances in which HMRC does not have to notify the employee of an amended code to be used by the employer. HMRC is no longer obliged to notify an amended code to the employee where as a consequence of the change to the code the employee’s PAYE income is not chargeable to tax or where the employee has no liability to tax in respect of any PAYE income.

Regulation 2(5) amends regulation 67F of the principal Regulations to remove the obligation for employers to complete the “end of year questions” at paragraph 7 of Schedule A1 to the principal Regulations when submitting the final return of the year. Regulation 2(6) makes a consequential amendment to Schedule A1 to remove paragraph 7.

A Tax Information and Impact Note covering regulation 2(2) to (4) of this instrument will be published at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. In relation to regulation 2(5) and (6), a Tax Information and Impact Note was published on 15th March 2012 alongside the Income Tax (Pay As You Earn) (Amendment) Regulations 2012 (S.I. 2012/822). This was updated in 2013 and has been further updated in December 2014 as a result of changes to the impacts as a result of both the mandatory migration of all employers to reporting in real time and of this instrument and is available at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.