

**2011 No. 1584**

**INCOME TAX**

**The Income Tax (Pay As You Earn) (Amendment) (No.3)  
Regulations 2011**

<i>Made</i> - - - -	<i>28th June 2011</i>
<i>Laid before the House of Commons</i>	<i>29th June 2011</i>
<i>Coming into force</i> - -	<i>20th July 2011</i>

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by section 684 of the Income Tax (Earnings and Pensions) Act 2003(a).

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Income Tax (Pay As You Earn) (Amendment) (No. 3) Regulations 2011 and shall come into force on 20th July 2011.

(2) Regulation 2 has effect from 6th April 2012.

**Amendment of the Income Tax (Pay As You Earn) Regulations 2003**

2.—(1) The Income Tax (Pay As You Earn) Regulations 2003(b) are amended as follows.

(2) After regulation 14 (matters relevant to determination of code) insert—

**“Determination of code in respect of recovery of relevant debts**

14A.—(1) HMRC may determine a code so as to effect recovery of all or part of a relevant debt within the meaning of section 684 of ITEPA (sums owed to HMRC).

(2) A determination in reliance on paragraph (1) does not prevent recovery by other means (whether or not under a provision of TMA) of all or any part of a relevant debt that is not recovered by deduction in accordance with the code (whether or not it was at any stage expected to be recovered by deduction).

(3) Sums deducted or to be deducted as a result of a determination made in reliance on paragraph (1) are to be treated, for the purposes of employers' obligations and enforcement, in the same way as amounts of tax which the employer is liable to pay under provisions of these Regulations (so, for example, regulation 84 applies for the purposes of recovery).

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(a) 2003 c. 1. Paragraph 102 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) amended section 684 so that the Commissioners for Her Majesty's Revenue and Customs have the power to make the Regulations. Further relevant amendments to section 684 were made by section 145 of the Finance Act 2003 (c. 14), and by paragraphs 2, 3, 4 and 6 of Schedule 58 to the Finance Act 2009 (c. 10).

(b) S.I. 2003/2682. There are amendments but none are relevant.

(4) Sums deducted as a result of a determination made in reliance on paragraph (1) are to be treated for the purposes of interest on the relevant debt as having been paid on the first day of the tax year in respect of which the determination is made.”.

(3) In regulation 186 (recovery: adjustment of employee’s code), in paragraphs (3)(a) and 4(a), for “£2,000”, substitute “£3,000”.

*Dave Hartnett  
Steve Lamey*

28th June 2011

Two of the Commissioners for Her Majesty’s Revenue and Customs

### **EXPLANATORY NOTE**

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

These Regulations amend the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682: “the PAYE Regulations”) so as to allow Her Majesty’s Revenue and Customs to use PAYE coding to recover all or part of certain debts owed to them.

The class of debts that may be recovered in this way is determined by reference to the definition of “relevant debt” in section 684 of the Income Tax (Earnings and Pensions) Act 2003. The definition of “relevant debt” was inserted into that section by Schedule 58 to the Finance Act 2009 (c. 10). Regulation 2(2) inserts a new regulation 14A into the PAYE Regulations which will enable the recovery of relevant debts by way of an adjustment to the tax code.

Regulation 2(3) amends regulation 186 of the PAYE Regulations so as to increase the limit on the amount that can be recovered by coding adjustments in respect of self assessment debts for the previous tax year from £2,000 to £3,000.

An Impact Assessment covering this instrument was published at Budget 2009 and is available on the HMRC website at <http://www.hmrc.gov.uk/ria/index.htm>. A Tax Information and Impact Note covering the increase in the coding out limit was published in April 2011 and is available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>. Both documents remain an accurate summary of the impacts that apply to this instrument.

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