STATUTORY INSTRUMENTS

2017 No. 1263

INCOME TAX

The Income Tax (Pay As You Earn) (Amendment No. 2) Regulations 2017

Made - - - -	*13th December 2017*
Laid before the House of Commons - - - -	*18th December 2017*
Coming into force - -	*6th April 2018*

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by section 684(1) and (2) of the Income Tax (Earnings and Pensions) Act 2003(**1**), and now exercisable by them.

Citation and commencement

1. These Regulations may be cited as the Income Tax (Pay As You Earn) (Amendment No. 2) Regulations 2017 and come into force on 6th April 2018.

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

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

3. In regulation 61A(**3**) (interpretation)—

(a) before the definition of "authorised employer" insert—

""amount foregone" has the meaning given in section 69B(**4**) of ITEPA;",

(b) after the definition of "making good payment" insert—

(**1**) 2003 c. 1. Section 684 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") has been relevantly amended by section 145 of the Finance Act 2003 (c. 14), paragraphs 102(1), (2) and 117 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) ("CRCA"), section 94(3) of the Finance Act 2006 (c. 25), paragraphs 2 to 7 of Schedule 58 to the Finance Act 2009 (c. 10), section 85(2) of the Finance Act 2011 (c. 11), section 225 of, and paragraph 5(4) of Schedule 1 to, the Finance Act 2012 (c. 14), section 17(2) of the Finance Act 2015 (c. 11), section 15 of the Finance Act 2016 (c. 24) and S.I. 2014/992.

(**2**) S.I. 2003/2682.

(**3**) Regulations 61A to 61M were inserted by the Income Tax (Pay As You Earn) (Amendment No. 4) Regulations 2015, S.I. 2015/1927.

(**4**) Section 69B was inserted into ITEPA by paragraph 1 of Schedule 2 to the Finance Act 2017 (c. 10).

""optional remuneration arrangements" has the meaning given in section 69A(**5**) of ITEPA;"

"relevant amount" means the amount calculated in accordance with section 87A, 94A, 120A, 154A or 203A(**6**) of ITEPA, as the case may be;", and

(c) in the definition of "specified benefit"(**7**)—

(i) after paragraph (a) insert—

"(aa) section 87A (benefit of non-cash voucher treated as earnings: optional remuneration arrangements),",

(ii) after paragraph (b) insert—

"(ba) section 94A (benefit of credit-token treated as earnings: optional remuneration arrangements),",

(iii) after paragraph (c) insert—

"(ca) section 120A (benefit of car treated as earnings: optional remuneration arrangements),",

(iv) after paragraph (d) insert—

"(da) section 149A (benefit of car fuel treated as earnings: optional remuneration arrangements),",

(v) after paragraph (e) insert—

"(ea) section 154A (benefit of a van treated as earnings: optional remuneration arrangements),",

(vi) after paragraph (f) insert—

"(fa) section 160A (benefit of van fuel treated as earnings: optional remuneration arrangements),",

(vii) after paragraph (g) insert—

"(ga) section 203A (employment-related benefit provided under optional remuneration arrangements);".

4. In regulation 61D (deduction and repayments of tax: general rule) in paragraph (1) Step 1—

(a) after the first occurrence of "cash equivalent" insert ", the relevant amount or amount foregone in respect", and

(b) after the second occurrence of "cash equivalent" insert ", the relevant amount or amount foregone in respect".

5. In regulation 61E (method of calculating the cash equivalent of the benefit of a car or van)—

(a) in the heading, after "cash equivalent" insert "or relevant amount in respect", and

(b) in paragraph (1) for the words "of that benefit" to "(cash equivalent of the benefit)" substitute "or relevant amount is calculated in accordance with section 121, 121A, 154A or 155 of ITEPA".

6. In regulation 61F (method of calculating the cash equivalent of the benefit of fuel)—

(a) in the heading after "cash equivalent" insert "or amount foregone in respect", and

(**5**) Section 69A was inserted into ITEPA by paragraph 1 of Schedule 2 to the Finance Act 2017 (c. 10).
(**6**) Sections 87A, 94A, 103A, 120A, 121A, 149A, 154A, 160A and 203A were inserted into ITEPA respectively by paragraphs 5, 6, 15, 22, 23, 35, 37, 40 and 48 of Schedule 2 to the Finance Act 2017 (c. 10).
(**7**) The definition of "specified benefit" was substituted by the Income Tax (Pay As You Earn) (Amendment No. 3) Regulations 2016, S.I. 2016/1137.

(b) in paragraph (1) for the words "of that benefit" to "cash equivalent)" substitute "or amount foregone in respect of that benefit is calculated in accordance with section 149A, 150, 160A or 161 of ITEPA".

7. In regulation 61G(**8**) (method of calculating the cash equivalent of non-cash vouchers, credit-tokens and employment-related benefits)—

(a) in the heading after "cash equivalent" insert "or relevant amount", and

(b) in paragraph (1) for the words "cash equivalent" to "as earnings)." substitute "cash equivalent or relevant amount of the specified benefit is to be calculated in accordance with section 87, 87A, 94, 94A, 203 or 203A of ITEPA, as the case may be.".

8. In paragraph (2) of regulation 61H (modification of the general rule: cessation of employment but continuing benefit)—

(a) after the first occurrence of "cash equivalent" in Step 2 insert ", relevant amount or amount foregone", and

(b) after each subsequent occurrence of "cash equivalent" in Steps 2 and 4 insert ", relevant amount or amount foregone in respect".

9. In regulation 61I (modification of the general rule: in-year adjustments: change to the benefit during the year with effect from the date of the change)—

(a) in paragraph (1) after "cash equivalent" insert ", relevant amount or amount foregone in respect", and

(b) in paragraph (2) Step 1—

(i) after the first occurrence of "cash equivalent" insert ", relevant amount or amount foregone in respect",

(ii) in Step 1(a) for the words "cash equivalent" to "of ITEPA" substitute "cash equivalent, relevant amount or amount foregone in respect of the specified benefit that has been provided in the tax year, in accordance with section 87, 87A, 94, 94A, 121, 121A, 149A, 150, 154A, 155, 160A, 161, 203 or 203A of ITEPA",

(iii) in Step 1(b) after "cash equivalent" insert ", relevant amount or amount foregone in respect", and

(iv) in Step 3 after "cash equivalent" insert ", relevant amount or amount foregone in respect".

10. In regulation 61J (modification of the general rule: in-year adjustments: change to the benefit during the year with effect from the start of tax year and other changes)—

(a) in paragraph (1) after each occurrence of "cash equivalent" insert ", relevant amount or amount foregone in respect",

(b) in paragraph (3) after each occurrence of "cash equivalent" insert ", relevant amount or amount foregone", and

(c) in paragraph (4) after "cash equivalent" insert ", relevant amount or amount foregone in respect".

11. In regulation 61K (modification of the general rule: making good)—

(a) in paragraph (2) after "cash equivalent" insert ", relevant amount or amount foregone in respect", and

(b) in paragraph (3) after "cash equivalent" insert ", relevant amount or amount foregone in respect".

(**8**) Regulation 61G words in heading and paragraph (1) were inserted and substituted by the Income Tax (Pay As You Earn) (Amendment No. 3) Regulations, S.I. 2016/1137.