STATUTORY INSTRUMENTS

2016 No. 1137

INCOME TAX

The Income Tax (Pay As You Earn) (Amendment No. 3) Regulations 2016

Made - - - -	*23rd November 2016*
Laid before the House of Commons - - - -	*24th November 2016*
Coming into force - -	*19th December 2016*

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(**2**).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Income Tax (Pay As You Earn) (Amendment No. 3) Regulations 2016 and come into force on 19th December 2016.

(2) Regulations 3 to 9 have effect for tax year 2017-18 and subsequent tax years.

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

2. The Income Tax (Pay As You Earn) Regulations 2003(**3**) are amended as follows.

Amendment of regulation 61A

3. In regulation 61A (interpretation), for the definition of "specified benefit" substitute—

(**1**) 2003 c. 1. Section 684 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") has been 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**) The powers of the Board of Inland Revenue under section 684 of ITEPA were transferred to the Commissioners for Revenue and Customs by paragraph 102(2) of Schedule 4 to CRCA. Section 50(1) of that Act provides that, in so far as appropriate, in consequence of section 5 a reference in an enactment, instrument or other document to the Commissioners of Inland Revenue (however expressed) shall be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.

(**3**) S.I. 2003/2682 ("the principal Regulations"); relevant amending instruments are S.I. 2015/1927, 2016/747.

""specified benefit" means any benefit treated as earnings under any of the following provisions of Part 3 of ITEPA(**4**) (employment income: earnings and benefits etc. treated as earnings)—

(a) section 87 (non-cash vouchers)(**5**) except where section 694 (non-cash vouchers: treated as payments of PAYE income) of ITEPA applies,

(b) section 94 (credit-tokens) except where section 695 (credit-tokens: treated as payments of PAYE income) of ITEPA applies,

(c) section 120 (car)(**6**),

(d) section 149 (car fuel)(**7**),

(e) section 154 (van)(**8**),

(f) section 160 (van fuel)(**9**),

(g) section 203 (employment-related benefit);"

Amendment of regulation 61B

4. In regulation 61B (PAYE: benefits in kind)—

(a) in paragraph (2)(b), for "61K and 61L" substitute "61K, 61L and 61LA", and

(b) in paragraph (3), for "61K or 61L" substitute or "61K, 61L or 61LA".

Amendment of regulation 61D

5. In regulation 61D(3) (deduction and repayments of tax: general rule), for "61K and 61L" substitute "61K, 61L and 61LA".

Amendment of regulation 61G

6. In the heading to regulation 61G (method of calculating the cash equivalent of employment-related benefits), before "employment-related benefits" insert "non-cash vouchers, credit-tokens and".

7. In regulation 61G(1)—

(a) before "any" insert "a non-cash voucher, credit-token or", and

(b) for "section" substitute "sections 87, 94 or".

Amendment of regulation 61I

8. In regulation 61I(2) (modification of the general rule: in-year adjustments: change to benefit during the year with effect from the date of change), in paragraph (a) of step 1 after "sections" insert "87, 94,".

(**4**) ITEPA is defined in the principal Regulations as meaning the Income Tax (Earnings and Pensions) Act 2003.
(**5**) Section 87 of ITEPA has been amended by paragraph 2(3) of Schedule 13 to the Finance Act 2004 (c. 12) and paragraph 50(2) of Part 7 of Schedule 39 to the Finance Act 2012.
(**6**) Section 120 of ITEPA has been amended by section 7 of the Finance Act 2016.
(**7**) Section 149 of ITEPA has been amended by section 58 of the Finance Act 2010 (c. 13).
(**8**) Section 154 of ITEPA has been amended by section 7 of the Finance Act 2016.
(**9**) Section 160 of ITEPA has been amended by paragraph 5 of Schedule 14 to the Finance Act 2004, section 58 of the Finance Act 2010 and section 10 of the Finance Act 2015.