
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”).

These Regulations extend the requirement that electronic communications must be used for the delivery of information. Employers who are already required to file form P35 or P14 electronically are now also required, by these Regulations, to use electronic communications to file form P45 Part 1, form P45 Part 3, form P46 and form P46(Pen). These Regulations also provide for penalties if electronic communications are not used for the delivery of these forms.

These Regulations also make amendments relating to the contents of form P45 Part 1 and Part 3 and to form P46 procedures for new employees: matters that are dealt with in Chapter 2 of Part 3 of the PAYE Regulations (new employees (other than pensioners): forms P45 and P46); and to the forms and procedures for new pensioners: matters that are dealt with in Chapter 3 of Part 3 of the PAYE Regulations (new pensioners: forms P45 and P46).

These Regulations also make minor amendments to regulation 186 of the PAYE Regulations (recovery: adjustment of employee’s code) and to regulation 213 of those Regulations (how information may be delivered).

These changes implement one of the recommendations made by Lord Carter of Coles in his Review of HMRC Online Services. His report is available online at <http://www.hmrc.gov.uk/budget2006/carter-review.pdf>. A full Regulatory Impact Assessment relating to those recommendations is available on the HMRC website at <http://www.hmrc.gov.uk/ria/5-online-services-carter.pdf>.