# (S.I. No. 135 of 2001)

# INCOME TAX (EMPLOYMENTS) REGULATIONS, 2001.

The Revenue Commissioners, in exercise of the powers conferred upon them by section 986 of the Taxes Consolidation Act, 1997 (No. 39 of 1997), make the following regulations:

1. These Regulations may be cited as the Income Tax (Employments) Regulations, 2001.

2. In these Regulations "the Principal Regulations" means the Income Tax (Employments) Regulations, 1960 (S.I. No. 28 of 1960).

3. With effect from 6 April 2001 the Principal Regulations are amended as follows:

(a) in Regulation 2, by the substitution of the following for paragraph (1):

"(1) In these Regulations, except where the context otherwise requires -

"the Act" means the Taxes Consolidation Act, 1997;

"certificate of tax credits and standard rate cut-off point" has the meaning specified in paragraph (2) of Regulation 12;

"the Collector" means the Collector-General appointed under section 851 of the Act;

"cumulative emoluments" in relation to any date, means the sum of all payments of emoluments made by the employer to the employee from the beginning of the year up to and including that date;

“cumulative gross tax” means the sum of cumulative tax due at the standard rate of tax and cumulative tax due at the higher rate of tax”

“cumulative standard rate cut-off point” in relation to any date means the sum of the standard rate cut-off point from the beginning of the year up to and including that date, as specified on the employee’s tax deduction card;

“cumulative tax” means cumulative gross tax less cumulative tax credits;

“cumulative tax credits” in relation to any date, means the sum of the tax credits from the beginning of the year up to and including that date, as specified on the employee's tax deduction card;

“cumulative tax due at higher rate of tax” in relation to any date, means tax due at the higher rate of tax in respect of the cumulative emoluments to that date to the extent that they exceed the cumulative standard rate cut-off point to that date as specified on the employee’s tax deduction card;

“cumulative tax due at standard rate of tax” in relation to any date, means tax due by reference to the standard rate of tax for the year in respect of the cumulative emoluments, to that date, up to the amount of the cumulative standard rate cut-off point to that date as specified on the employee’s tax deduction card;

“emoluments” means emoluments to which Chapter 4 of Part 42 of the Act applies;

“employee” means any person in receipt of emoluments;

“employer” means any person paying any emoluments;

“general tax credit” has the same meaning as in section 3 of the Act;

“higher rate of tax” means the rate of income tax known by that description and provided for in section 15 of the Act;

“inspector” means an inspector of taxes;

“personal tax credit” has the same meaning as in section 3 of the Act;

“prescribed” means prescribed by the Revenue Commissioners;

“reliefs from income tax” means allowances, deductions and tax credits;

“standard rate cut-off point” in relation to an employee means the standard rate cut-off point advised by the Inspector on the certificate of tax credits and standard rate cut-off point;

“standard rate of tax” means the rate of income tax known by that description and provided for in section 15 of the Act;

“tax credits” in relation to an employee means the appropriate amount of personal tax credits and general tax credits to which the employee is entitled under a provision of the Act;

“temporary tax deduction form” means any form as may be prescribed on which particulars of emoluments paid and tax deducted are to be recorded by the employer pending receipt of a tax deduction card;

“total net tax deducted” means, in relation to the emoluments paid to any employee during any period, the total tax deducted from those emoluments less any tax repaid to the employee;

"year" means year of assessment;

other expressions have the same meaning as in the Income Tax Acts.",

(b) in Regulation 10, by the substitution of the following for paragraphs (1) and (2):

"(1) The amount of the tax credits and standard rate cut-off point appropriate to an employee for any year shall be determined by the inspector who for that purpose may have regard to any of the following matters, namely -

(a) the reliefs from income tax, to which the employee is entitled for the year in which the amount of the tax credits and standard rate cut-off point is determined, so far as his title to those reliefs has been established at the time of the determination, but, where the amount of the tax credits and standard rate cut-off point is determined before the beginning of the year for which it is to have effect, the inspector shall disregard any such relief from income tax if he is not satisfied that the employee will be entitled to it for that year;

(b) the emoluments of the employee;

(c) where the employee has income (other than emoluments in relation to which the amount of the tax credits and standard rate cut-off point is being determined) the tax credits and standard rate cut-off point appropriate to that employee may be adjusted as necessary to collect the tax due on such income.

(d) where the employee is entitled to reliefs from income tax at the higher rate of tax, the tax credits and standard rate cut-off point appropriate to that employee may be adjusted as necessary;

(e) any tax overpaid for any previous year, including a year before the year 1960-61, which has not been repaid;

(f) any tax remaining unpaid for any previous year, including a year before the year 1960-61, which is not otherwise recovered;

(g) such other adjustments as may be necessary to secure that, so far as possible, the tax in respect of the employee's emoluments for the year to which the tax credits and standard rate cut-off point relate shall be deducted from the emoluments paid during the year.

(2) When an employee requests the inspector to disregard any particular relief or income referred to in subparagraph (a) or (c) of the foregoing paragraph, the inspector shall disregard it for the purposes of that paragraph.”,

(c) by the deletion of Regulation 11,

(d) in Regulation 12 (as amended by the Income Tax (Employments) Regulations, 1987 (S.I. No. 270 of 1987)), by the substitution of the following for paragraphs (1) and (2):

“(1) After the inspector has determined the amount of the tax credits and standard rate cut-off point for any year, he shall send notice of his determination to the employee.

(2) The inspector shall send to the employer of the employee either a

certificate (in these Regulations referred to as a certificate of tax credits and standard rate cut-off point), or a tax deduction card incorporating a certificate of tax credits and standard rate cut-off point, certifying the amount of the tax credits and standard rate cut-off point of the employee as determined by the inspector pursuant to Regulation 10. If it appears to the inspector that the employee has more than one employment, he shall send, in respect of each employment, to the employer a separate certificate of tax credits and standard rate cut-off point or a separate tax deduction card, as appropriate, showing the tax credits and standard rate cut-off point applicable to the particular employment, but the aggregate amount of the tax credits and standard rate cut-off point on the separate certificates of tax credits and standard rate cut-off point or separate tax deduction cards, as the case may be, shall not exceed the total amount of the tax credits and standard rate cut-off point of the employee for the year.",

(e) in Regulation 14 (as amended by the Income Tax (Employments) Regulations, 1987 (S.I. No 270 of 1987), by the substitution of the following for paragraphs (3) and (4):

"(3) The Appeal Commissioners on appeal shall determine either or both the amount of tax credits and standard rate cut-off point having regard to the same matters as the inspector may have regard to when the amount of the tax credits and standard rate cut-off point is determined by him, and, subject to the provisions of Regulation 15, their determination shall be final.

(4) Where either or both the amount of the tax credits and standard rate cut-off point is amended, either by the inspector or by the Appeal Commissioners, the inspector shall send to the employee a notice of the new determination.",

(f) in Regulation 15, by the substitution of the following for paragraph (1):

"(1) If either or both the amount of tax credits and standard rate cut-off point is found not to be appropriate because the actual circumstances are different from the circumstances by reference to which it was determined by the inspector or the Appeal Commissioners, the inspector may, and if so required by the employee shall, by reference to the actual circumstances, amend, by way of increase or reduction, the previous determination.",

(g) in Regulation 18—

(i) by the substitution of the following for paragraph (1):

"(1) On the occasion of any payment of emoluments to an employee in respect of whom the employer holds a tax deduction card, the employer, except where these Regulations otherwise provide, shall ascertain the cumulative emoluments of the employee at the date of the payment, and, by reference to the corresponding cumulative standard rate cut-off point specified on the tax deduction card, the cumulative gross tax in respect thereof, and, having ascertained the cumulative gross tax due, and by reference to the corresponding cumulative tax credits specified on the tax deduction card, he shall ascertain the cumulative tax in respect thereof.",

(ii) by the substitution of the following for paragraph (6):

"(6) The employer shall record, either on the tax deduction card or in such other form as may be authorised by the Revenue Commissioners, the following particulars regarding every payment of emoluments which he makes to the employee, namely –

(a) the date of the payment;
(b) the gross amount of the emoluments;
(c) the cumulative emoluments in relation to the said date;
(d) the cumulative tax due at the standard rate of tax in relation to that date;
(e) the cumulative tax due at the higher rate of tax in relation to that date;
(f) the cumulative gross tax in relation to that date;
(g) the corresponding cumulative tax; and
(h) the amount of tax, if any, deducted or repaid on making the payment.”,

and

(iii) by the deletion of paragraph (7),

(h) in Regulation 21—

(i) by the substitution of the following for subparagraph (a) of paragraph (1):

“(a) payments of emoluments made on 28, 29, 30 or 31 December in the year 2001, and on 31 December in any subsequent year or, if that subsequent year is a leap year, on 30 or 31 December in that year, to an employee who is paid weekly;”,

and

(ii) by the substitution of the following for paragraph (2):

“(2) Regulation 18 shall not apply to payments of emoluments to which this Regulation applies, and on making any such payment the employer shall deduct therefrom, by reference to the amount of the employee's tax credits and standard rate cut-off point, the amount of tax which would have been deductible therefrom if the payment had been made on the preceding 6th day of April, or, where the employee has ceased to be employed by him and no deduction card is held, shall deduct tax therefrom in accordance with paragraph (2) of Regulation 25.”,

(i) in Regulation 22 (as amended by the Income Tax (Employments) Regulations, 1987 (S.I. No. 270 of 1987)) —

(i) by the substitution of the following for subparagraph (c) of paragraph (3):

“(c) pending the receipt of the certificate of tax credits and standard rate cut-off point or tax deduction card from the inspector, the new employer shall prepare a temporary tax deduction form and, in relation to payments of emoluments by him, record on it the date of payment, the gross amount of emoluments and, as respects each week or income tax month (as may be appropriate), the tax credits and standard rate cut-off point for Week 1 or Month 1 as specified on the copies of the certificate prepared by the former employer and, having regard to the standard rate cut-off point as specified on the copies of the certificate prepared by the former employer, shall deduct tax on the aggregate amount of the emoluments for the week or income tax month (as may be appropriate) by reference to the tax due at the standard rate of tax and the higher rate of tax (as may be appropriate) on such emoluments reduced by the tax credits as specified on the copies of the certificate prepared by the former employer until such time as he receives the certificate of tax credits and standard rate cut-off point or tax deduction card from the inspector;”,

and

(ii) by the insertion, in paragraph (4), of the following after subparagraph (b):

“(c) In respect of employments commencing on or after 6 April 2001, where the two copies of the certificate prepared by the former employer show that the last date of payment of emoluments was in a year ending before that date, the new employer shall comply with the provisions of subparagraph (a) of paragraph (3) of this Regulation but deduct tax from each payment of emoluments made by him to the employee, and keep records on the emergency card referred to in Regulation 25, as if these payments had been payments to which paragraph (2) of that Regulation applied.”,

(j) in Regulation 25 (as amended by the Income Tax (Employments) Regulations, 1987 (S.I. No. 270 of 1987)), by the substitution, in paragraph (2), of the following for subparagraphs (a) and (b):

“(a) During the period of four weeks, or in the case of an employee paid monthly, one month, from the day on which an employee referred to in the foregoing paragraph first holds an employment with the employer in a year, or until a certificate of tax credits and standard rate cut-off point or a tax deduction card is received from the inspector, the employer, on making any payment of emoluments to the employee, shall deduct tax at the standard rate of tax and keep records on an emergency card on the basis that the amount of the tax credits is-

(i) an amount per week equal to one thirty-eighth of the basic tax credit specified in section 461 of the Act, as it applies for that year, or

(ii) if the employee is paid monthly, an amount equal to one ninth of that tax credit,

and in determining the amount of any tax credits under clause (i) or (ii) any part of a pound shall be treated as a whole pound.

(b) If, within the period of four weeks or one month referred to in paragraph (a), the employer has not received the certificate of tax credits and standard rate cut-off point or tax deduction card, he shall thereafter, until he receives a certificate of tax credits and standard rate cut-off point or tax deduction card from the inspector, on making any payment of emoluments to the employee, deduct and keep records in accordance with the subsequent provisions of this subparagraph, that is to say,

(i) in the period of four weeks or, in a case where the employee is paid monthly, one month, commencing on the day after the end of the period mentioned in paragraph (2)(a), deduct tax at the standard rate of tax, and

(ii) thereafter deduct tax at the higher rate of tax,

and the employer shall keep records on an emergency card on the basis that the employee's tax credits are nil.",

(k) in Regulation 36, by the deletion of paragraph (1),

(l) in Regulation 49 ( inserted by the Income Tax (Employments) Regulations, 1980 (S.I. No. 284 of 1980)) —

(i) by the deletion, in subparagraph (a) of paragraph (1), of the definition of "cumulative taxable emoluments",

(ii) by the substitution, in paragraph (1), of the following for subparagraph (b):

"(b) On the occasion of any such payment of emoluments as is referred to in Regulation 8 to a casual employee in respect of whom the employer holds a daily tax deduction card —

(i) the employer shall ascertain the cumulative emoluments of the week and, by reference to the corresponding weekly standard rate cut-off point specified on the daily tax deduction card, the cumulative gross tax in respect thereof, and, having ascertained the cumulative gross tax due, and by reference to the corresponding weekly tax credits specified on the tax deduction card, he shall ascertain the cumulative tax in respect thereof;

(ii) if the said cumulative tax exceeds the cumulative tax corresponding to the employee's cumulative emoluments at the last preceding payment of emoluments within the week, the employer shall deduct the excess from the emoluments on making the payment in question;

(iii) the employer shall record, in relation to the payment, in the space appropriate to the date of payment on the daily tax deduction card —

(I) the employer's registered number;

(II) the gross amount of the emoluments;

(III) the cumulative emoluments of the week;

(IV) the weekly tax credits and standard rate cut-off point specified on the daily tax deduction card;

(V) the cumulative tax due at the standard rate of tax;

(VI) the cumulative tax due at the higher rate of tax;

(VII) the cumulative gross tax;

(VIII) the cumulative tax;

(IX) the tax previously deducted within the week; and

(X) the amount of tax, if any, deducted on making the payment.", and

(iii) by the substitution of the following for paragraph (2):

"(2) In the calculation and deduction of the tax to be deducted as aforesaid, the employer shall be deemed to have complied with this Regulation if he calculates and deducts tax to the nearest pound below the amount which would otherwise be deductible, but any consequent under-deduction shall be taken into account by the inspector in determining the amount of the casual employee's tax credits and standard rate cut-off point for a later year.",

(m) in Regulation 53 (inserted by the Income Tax (Employments) Regulations, 1978 (S.I. No. 377 of 1978)) —

(i) by the substitution of the following for paragraph (1):

"(1) If a casual employee does not on the occasion of any period of casual employment deliver his daily tax deduction card to his employer, the employer shall, on making any such payment of emoluments as is referred to in Regulation 8 to the employee, deduct tax at the standard rate of tax and keep records on a daily emergency card on the basis that the amount of the tax credits is three pounds a day, and at the end of the period of casual employment shall give the daily emergency card to the employee.”,

and

(ii) by the substitution, in subparagraph (b) of paragraph (1A), (inserted by the Income Tax (Employments) Regulations, 1985 (S.I. No. 148 of 1985)), of “three pounds” for “five pounds”, and

(n) in Regulation 59 ( inserted by the Income Tax (Employments) Regulations, 1972 (S.I. No. 260 of 1972)), by the substitution of the following for Regulation 59:

“ 59.

In this Part of these Regulations ‘allowable contribution’ means a contribution payable by an employee and deductible by an employer from emoluments of the employee and which is —

(a) an ordinary annual contribution, or an other contribution treated by the Revenue Commissioners, as respects the year in which it is paid, as an ordinary annual contribution paid in that year, allowable by virtue of section 774 or 776 of the Act, as a deduction from such emoluments for the purposes of assessment under Schedule E,

or

(b) by virtue of section 471 of the Act, allowable as a deduction from such emoluments for the purposes of assessment under Schedule E.”.

4. With effect from 1 January 2002 the Principal Regulations (as amended by Regulation 3 of these Regulations) are amended as follows:

(a) in Regulation 8 —

(i) by the substitution, in subparagraph (a) of paragraph (1), of "€8" and "€2" for "£6" and "£1" respectively, and

(ii) by the substitution, in subparagraph (b) of paragraph (1), of "€8", "€2", "€36" and "€9" for "£6", "£1", "£26" and "£4 10s", respectively,

(b) in Regulation 9A (inserted by the Income Tax (Employments) Regulations, 1997 (S.I. No. 231 of 1997)), by the substitution of "€40" for "£30",

(c) in Regulation 21 —

(i) by the substitution, in paragraph (2), of "1 January" for "6th day of April", and of "€8" for "£6", and

(ii) by the deletion of paragraph (4),

(d) in Regulation 22, in subparagraph (d) of paragraph (3), by the substitution of "€6" for "£5",

(e) by the substitution, in Regulation 25, in subparagraph (a) of paragraph (2) (as amended by Regulation 3 (j) of these Regulations), of “one fifty-second”, “one twelfth”, “part of a euro” and “whole euro” for “one thirty-eighth”, “one ninth”, “part of a pound”, and “whole pound”, respectively,

(f) in Regulation 31, by the substitution, in paragraph (1), of “14 days” for “nine days”,

(g) in Regulation 31A (inserted by the Income Tax (Employments) Regulations, 1989 (S.I. No 58 of 1989)), by the substitution of “14 days” for “nine days” (in each place where it occurs in paragraphs (1), (3)(b) and (5)(b)(i)),

(h) in Regulation 32, in paragraph (1), (as amended by the Income Tax (Employments) Regulations, 1989 (S.I. No. 58 of 1989) —

(i) in subparagraph (a) by the substitution of “14 days” and “1 January” for “nine days” and “6th day of April” respectively,

and

(ii) by the deletion of subparagraph (b),

(i) in Regulation 49 (inserted by the Income Tax (Employments) Regulations, 1980 (S.I. No. 284 of 1980)), by the substitution, in paragraph (2), (as amended by Regulation 3 (l) (iii) of these Regulations, of “nearest euro” for “nearest pound”, and

(j) in Regulation 53 —

(i) by the substitution, in paragraph (1), (as amended by Regulation 3 (m) (i) of these Regulations) of "€4" for "three pounds", and

(ii) by the substitution, in subparagraph (b) of paragraph (1A), (as amended by Regulation 3 (m) (ii) of these Regulations), of "€4" for "three pounds",

(k) in Regulation 69, (inserted by the Income Tax (Employments) Regulations, 1993 (S.I. No. 77 of 1993)), by the substitution, in paragraph (b) of the definition of "relevant period", of "31 December" for "the 5th day of April".

5. With effect from 6 April 2001 the Principal Regulations shall apply as if references to "tax-free allowances" were construed as references to "tax credits and standard rate cut-off point", and in relation to the said Regulations "certificate of tax-free allowances" and "amount of tax-free allowances" shall be construed accordingly.

**Given this 5th day of April 2001.**

**D. B. Quigley**
**Revenue Commissioner.**

## EXPLANATORY NOTE

**(This note is not part of the Instrument and does not purport to be a legal interpretation)**

These Regulations amend the PAYE Regulations consequent on the moves to a tax credit system and the calendar tax year.

The regulations also provide for the granting of relief in respect of Permanent Health Benefit contributions under a net pay arrangement similar to that which applies to occupational pension schemes.

Finally, the regulations provide for the introduction of the Euro currency with effect from 1 January 2002.

(Pn. 9817) Price £2.40 / €3.05