

S.I. No. 511 of 2002

Income Tax (Employments) Regulations 2002

The Revenue Commissioners, in exercise of the powers conferred on them by section 986 (as amended by section 4 of the Pensions (Amendment) Act 2002 (No. 18 of 2002)) of the Taxes Consolidation Act 1997 (No. 39 of 1997), hereby make the following regulations:

1. (1) These Regulations may be cited as the Income Tax (Employments) Regulations 2002.

(2) (a) Paragraph (a) of Regulation 3 shall come into operation on 1 January 2003.

(b) Paragraph (b) of Regulation 3 shall come into operation on such day as the Minister for Social and Family Affairs shall by order, under section 1 of the Pensions (Amendment) Act 2002 (No. 18 of 2002), appoint as the day for the coming into operation of section 4 of that Act.

2. In these Regulations “Principal Regulations” means the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001).

3. The Principal Regulations are amended—

(a) in Regulation 22, by substituting the following for paragraph (2):

“(2) (a) 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 or on behalf of an employee referred to in paragraph (1) of this Regulation, shall deduct tax from such payment in accordance with the following provisions of this paragraph.

(b) Subject to subparagraph (c) of this paragraph —

(i) during the period of 4 weeks, or in the case of an employee paid monthly, 1 month, from the day on which the employee first holds an

employment with the employer in a year, or until the certificate of tax credits and standard rate cut-off point or a tax deduction card is received from the inspector, the employer shall deduct tax at the standard rate of tax and, where appropriate, the higher rate of tax and keep records on an emergency card on the basis that the amount of —

- (I) the tax credit is an amount per week equal to one fifty-second of the basic personal tax credit specified in section 461 of the Act, as it applies for that year, or if the employee is paid monthly, an amount equal to one-twelfth of that tax credit, and
- (II) the standard rate cut-off point is an amount per week equal to one fifty-second of the amount chargeable to tax at the standard rate specified in Part 1 of the Table to section 15 of the Act, as it applies for that year, or if the employee is paid monthly, one-twelfth of that amount,

and in determining the amount of any tax credits or the standard rate cut-off point under clause (I) or (II) of this subparagraph any part of a euro shall be treated as a whole euro,

- (ii) if, within the period of 4 weeks or 1 month referred to in subparagraph (b)(i) of this paragraph, the employer has not received the certificate of tax credits and standard rate cut-off point or a tax deduction card, the employer shall, until a certificate of tax credits and standard rate cut-off point or a tax deduction card is received from the inspector, keep records on an emergency card and on the making of any payment of emoluments to or on behalf of the employee deduct tax on the basis that the employee's tax credits are nil and in accordance with the following provisions, that is to say —
 - (I) in the period of 4 weeks or, in a case where the employee is paid monthly, 1 month, commencing on the day after the end of the period mentioned in subparagraph (b)(i) of this paragraph, deduct tax at the standard rate of tax and, where appropriate, the higher rate of tax on the basis that the standard rate cut-off point is the amount referred to in subparagraph (b)(i)(II) of this paragraph, and

(II) thereafter deduct tax at the higher rate of tax.

- (c) In the case of an employee who first holds an employment with an employer on or after 1 January, 2003 and for whom the employer has not been provided with the employee's personal public service number, the provisions of subparagraph (b) of this paragraph shall not apply until such time as that number is provided to the employer and the employer shall, until such time, on making any payments of emoluments to or on behalf of the employee, deduct tax at the higher rate of tax and maintain records on an emergency card on the basis that the employee's tax credits are nil.

(2A) Where, for the purposes of this Regulation, an employee furnishes the employer with his or her personal public service number, the employer shall take all reasonable measures to establish that the number furnished is in fact the personal public service number of that employee.”,

and

- (b) by substituting the following for Regulation 41:

“Interpretation
(Part 7).

41. 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) by virtue of section 471 of the Act, allowable as a deduction from such emoluments for the purposes of assessment under Schedule E,
- (b) an ordinary annual contribution, or any 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

- (c) by virtue of section 787C (inserted by the Pensions (Amendment) Act 2002) of the Act, to be deducted from or set off against the employee's relevant earnings (within the meaning of section 787B (as so inserted) of the Act) for the year of assessment in which it is paid.”.

GIVEN under my hand,

12 November, 2002.

**Michael O'Grady,
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 existing PAYE Regulations — the Income Tax (Employments) (Consolidated) Regulations, 2001 — which prescribe the manner in which the deduction of tax from salaries and wages under the “Pay As You Earn” system operates.

The Regulations extend, with effect from 1 January 2003, the method of deducting tax at the standard rate up to the employee’s standard rate cut-off point and at the higher rate from any earnings in excess of that amount, to the emergency basis of tax deduction provided for in Regulation 22 of the PAYE Regulations. In addition, the Regulations require an employer to take reasonable steps to ensure that the PPS (personal public service) number provided by an employee does, in fact, refer to that employee.

The Regulations also extend, with effect from a date to be appointed by the Minister for Social and Family Affairs, the PAYE “net pay” arrangements to PRSA (personal retirement savings account) contributions made through payroll. Under those arrangements, tax relief for the contributions will be allowed by the employer operating the PAYE system on the emoluments after deducting the amount of the contributions. These arrangements already apply to superannuation contributions and permanent health insurance premiums.