

Regulations made under s.87.

**INCOME TAX (PAY AS YOU EARN)
REGULATIONS, 1989****(LN.1989/114)****28.12.1989**

Amending enactments	Relevant current provisions	Commencement date
LN.1990/039	rr.4, 7, 8(2) and 11(3)	26.4.1990

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Title.

1. These Regulations may be cited as the Income Tax (Pay As You Earn) Regulations, 1989.

Interpretation.

2. In these Regulations—

“appropriate form” means any form specified by the Commissioner under section 98(3);

“deduction card” means the record required to be maintained by employers under regulation 10;

“emoluments” means income from any office or employment or a pension and includes every payment in cash including a gratuity and every allowance, perquisite or benefit given in kind;

“employee” means any person to whom emoluments are paid or are payable and, for the avoidance of doubt, includes a pensioner and a company director;

“employer” means any person paying emoluments whether on his own account or on behalf of any other person to an employee which expression, for the avoidance of doubt, includes a pensioner and a Government pensioner;

“PAYE” means Pay As You Earn;

“payment”, in relation to payment of emoluments to an employee includes the crediting of any sum to an account upon which that employee has power to draw.

Deduction of Tax.

3. Where any payment of or on account of emoluments is made by an employer, tax shall, subject to and in accordance with the provisions of these Regulations, be deducted and withheld therefrom by the employer notwithstanding—

- (a) that when the payment is made no assessment has been made in respect of those emoluments;

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- (b) that the emoluments are in whole or in part income for a year of assessment other than the year in which the payment is made; and
- (c) in the case of a married woman, the provisions of section 10(1) of the Act.

P.A.Y.E. Allowances Certificates.

4 (1) Every employee (including a married woman who is in employment and who is included in a return made by her husband) who on taking up any employment has not been issued with a P.A.Y.E. allowances certificate, shall within seven days of taking up such employment make a declaration to the Commissioner, in such form as the Commissioner may require specifying the allowances to which he claims to be entitled under the Act or any subsidiary legislation made thereunder.

(2) As soon as possible after receiving any declaration submitted under subregulation (1) of this regulation, the Commissioner shall issue to the Employee a P.A.Y.E. allowances certificate. Such certificate, once issued, shall remain in force in respect of that employee unless and until it is replaced with a new certificate issued in accordance with subregulation (5) of this regulation, or otherwise.

(3) The Commissioner shall in such manner as seems to him appropriate, prescribe codes which shall cover the various amounts of allowances which may be claimed and shall allocate to every employee a code, dependant on the allowances to which the Commissioner considers such employee is entitled. All codes existing at the date of these Regulations shall continue in force until replaced.

(4) Every P.A.Y.E. allowances certificate issued under the provisions of this regulation shall be in two Parts. Part I shall set out the estimated allowances to which the employee is entitled, but such estimate shall be liable to alteration by the Commissioner at any time thereafter, whether by reason of subregulation (5) of this regulation or otherwise. Part II shall specify the code applicable to such employee for the purposes of tax deduction. The code applicable to an employee may be altered if the allowances to which the Commissioner considers such employee is entitled are altered.

(5) Where any of the circumstances determining the amount of an employee's allowances as shown on the allowances certificate change, the employee shall, within thirty days of such change, declare such change to the Commissioner who shall as soon as possible thereafter re-determine the

employee's code. If his code is changed, a new P.A.Y.E. allowances certificate shall be issued to him which he shall lodge with his employer in accordance with the provisions of regulation 5.

(6) The Commissioner may, in the exercise of his discretion, adjust the coding of an employee for the purposes of recovering tax due, but not previously deducted and paid.

Lodgment of Part II.

5. (1) Every employee shall lodge Part II of his PAYE allowances certificate with his employer and if he has more than one employer with the employer who pays the higher emoluments.

(2) Notwithstanding anything contained in subregulation (1) an employee who is in receipt of a pension shall, unless the Commissioner otherwise directs, lodge Part II of the certificate with the employer who pays the pension.

Tax Tables.

6. The Commissioner shall prepare and make available tax-tables to enable employers to ascertain, in accordance with the code contained in Part II of each employee's PAYE allowances certificate the tax to be deducted in respect of that employee. Such tables shall show the amount of tax payable appropriate to ranges of income in respect of each of the codes, such amounts being as closely as is convenient in accordance with the annual rates of tax in force from time to time.

7. Revoked**Amount of tax to be deducted.**

8.(1) Every employer shall, in respect of each of his employees who has lodged with him Part II of a PAYE allowances certificate on each pay day deduct the amount of tax shown in the tax-table in respect of the employee's code to be deductible from the gross emoluments to be paid on that day.

(2) Every employer shall, in respect of each of his employees who has not lodged Part II of a, PAYE allowances certificate, deduct from the gross emoluments tax in accordance with Code 'X' of the tax-tables. In addition, every such employer shall give notice in writing to the Commissioner not later than 14 days after the date of engagement of each such employee which shall specify the full name and address of such employee, the date of commencement and the terms of the employment.

(3) Where part of the income from an office or employment consists of allowances, perquisites or benefits in kind, the employee shall, for the purpose of subregulations (1) and (2) add to the gross emoluments payable on that date the proportionate money value of such allowances, perquisites or benefits.

(4) Notwithstanding anything contained in this regulation where in the case of emoluments payable to an employee the Commissioner is satisfied that the tax to be deducted from those emoluments in accordance with the provisions of this regulation would be substantially more or less than the liability on those emoluments he may direct the employer to deduct such different amount of tax as seems to him to be just in view of those provisions.

(5) Where any obligation is imposed on any person to deduct tax from emoluments any agreement made by that person not to deduct tax shall be void.

Objections to amount of tax deducted.

9. Where any employee objects that the amount of tax deducted from his emoluments by an employer is more or less than it should be under the provisions of these Regulations he may refer his objection to the Commissioner whose decision as to the amount of such deductions shall be final:

Provided that nothing contained in sub-regulation (1) shall preclude an employee from appealing against any assessment in accordance with the provisions of the Act.

Deduction Cards.

10.(1) Every employer shall maintain for each of his employees for every year of assessment a record on the appropriate form (to be known as a deduction card) of the employee's gross emoluments payable on each pay-day, and the tax deducted from the gross emoluments, in accordance with these regulations together with such other information as the Commissioner may require:

Provided that no such record need be kept for any employee for any year of assessment for which the emoluments of that employee are exempt from tax under Section 7 of the Act.

(2) Immediately after the end of each year of assessment the employer shall total for that year the amounts entered on each deduction card and shall, within such time as the Commissioner by notice in the Gazette shall prescribe, return the deduction cards to the Commissioner with a summary statement on the appropriate form; and the Commissioner- may accept such cards and statements as the return required by section 63(1) of the Act.

Monthly payment.

11. (1) On or before the fifteenth day of every month the employer shall report to the Commissioner on the appropriate form the total amount of tax deducted by him from emoluments during the preceding months in accordance with these Regulations, and shall at the same time pay that total amount into the Treasury in accordance with the instructions on such form; and every such total amount shall be a debt due to the Government and shall be recoverable as such.

(2) An employer who wilfully or without reasonable excuse fails to deduct from emoluments tax which he is required by these Regulations to deduct shall be liable to pay such tax as if he had deducted it.

(3) In the event that such total amount as is provided for by subregulation (1) shall not have been paid into the Treasury by the date specified in that subregulation, such total amount may, at the discretion of the Commissioner, be increased by a penalty equivalent to 2% of that total amount for each month by which any such payment into the Treasury is delayed, such penalties to be calculated at a compound rate; and references to "total amount" and to "amount of tax" in this regulation and in regulation 12, shall be taken to be references to the tax deducted or the tax specified, in accordance with regulation 12(1), increased by the penalty and any such penalty shall be deemed to be part of the tax.

Specified amount of tax payable by employer.

12.(1) If after 14 days following the end of any month the employer has not paid the amount of tax to the Treasury for that month, despite demand being made, and there is reason to believe that the employer is liable so to pay, the Commissioner upon consideration of the employer's record of past payments may to the best of his judgement specify the amount of tax which he considers the employer is liable to pay and serve notice on him of that amount.

(2) If, on the expiration of the period of 7 days allowed in such notice, the specified amount of tax or any part thereof is unpaid, the amount so unpaid shall be certified by the Commissioner and shall be deemed to be an

amount of tax which the employer was liable to pay for that month in accordance with regulation 11.

(3) The provisions of subregulation (2) shall not apply if, during the period allowed in the notice, the employer pays to the Treasury the full amount of tax which the employer is liable to pay under regulation 11 for that month, or the employer satisfies the Commissioner that no amount is due for that month.

(4) The production of a certificate such as is mentioned in subregulation (2) of this regulation shall be sufficient evidence that the employer is liable to pay to the Treasury the amount shown in the certificate; and any document purporting to be such a certificate shall be deemed to be such a certificate until the contrary is proved. To the amount shown in the said certificate, the provisions of section 86 of this Act shall apply.

(5) Provided the employer has not paid the amount of tax for the relevant months, notice may be given by the Commissioner under subregulation (1) of this regulation which extends to 2 or more consecutive months, and the provisions of this regulation shall have effect as if the said consecutive months were the latest month specified in the notice.

(6) A notice may be given by the Commissioner under subregulation (1) of this regulation notwithstanding that an amount of tax has been paid to him by the employer under regulation 11 for any month, if after seeking the employer's explanation the Commissioner is not satisfied that the amount so paid is the full amount which the employer is liable to pay for that month. The provisions of this regulation shall have effect accordingly, save that subregulation (2) hereof shall not apply if the employer during the period allowed in such notice satisfies the Commissioner that no further amount is due for the relevant month.

(7) If during the period allowed in a notice given by the Commissioner under regulation 11 the employer claims, but does not satisfy the Commissioner, that the payment made in respect of the month specified therein is the full amount he is liable to pay to the Treasury for that month, the employer may require the Commissioner to inspect the employer's documents and records as if the Commissioner had called upon the employer to produce those documents and records in accordance with regulation 17 of these Regulations and the provisions of that regulation shall apply in relation to that inspection and the notice given by the Commissioner under this regulation shall thereafter be disregarded.

(8) Notwithstanding anything in this regulation, if the employer pays any amount certified by the Commissioner under this regulation and that amount

exceeds the amount which he would have been liable to pay in respect of that month apart from this regulation, he shall be entitled to set-off such excess against any amount which he is liable to pay under regulation 11 for any subsequent month.

(9) If, after the end of the year, the employer renders a return required by section 63 of the Act and pays the total net tax which he is liable to pay any excess of tax paid and not otherwise recovered by set-off in accordance with the provisions of this regulation shall be repaid.

Certificate of tax deducted.

13. Within one month after the end of every year of assessment in which an employer has deducted tax from emoluments in accordance with these Regulations he shall give to each employee in his employment on the 30th June of such year from whose emoluments tax has been deducted a certificate on the appropriate form showing the gross amount of that employee's emoluments in that year and the total amount of tax deducted therefrom:

Provided that where a person ceases to be an employee of an employer before the end of a year of assessment the employer shall give him such certificate and send a duplicate thereof to the Commissioner within one month after the date on which he ceases to be an employee.

Where employer is a company.

14. Where the employer is a Company or a firm any Director or Partner shall be deemed to be the employer for the purposes of these Regulations.

Death of employer.

15. In the event of the death of an employer, any duties which, if he had not died, he would have been liable to perform under these Regulations shall be performed by his lawful personal representative.

Extension of time limits.

16. The Commissioner may, in his discretion and subject to such conditions as he may think fit to impose, extend any time limit laid down in these Regulations.

Production of records by employer.

17. Every employer, when called upon to do so, by the Commissioner or by a person authorized in writing by the Commissioner to- act on his, behalf, shall produce to the Commissioner or to such authorized person for inspection all wages sheets and other documents and records whatsoever relating to the calculation , or payment of emoluments to his employees or to the deduction of tax from such emoluments or to the accounting for tax deducted therefrom

Assessment of emoluments.

18. (1) If a person who is chargeable to tax on emoluments is also chargeable on other income, the Commissioner may assess that person in respect of his emoluments separately from such other income.

(2) In making an assessment on a person for any year of assessment in respect of emoluments or in respect of income which includes emoluments, the Commissioner shall set off against the tax otherwise chargeable-

- (a) the amount of tax deducted during that year from those emoluments and paid by an employer in accordance with these Regulations; or
- (b) the amount of tax deducted during that year from those emoluments but not paid by the employer in accordance with these Regulations, provided that-
 - (i) where the employer is a Company a winding up order has been made in relation to the employer under the provisions of the Companies Act; and
 - (ii) the Financial and Development Secretary has abandoned and written off the amount of tax so deducted in exercise of the powers conferred on him by section 68 of the Public Finance (Control and Audit) Act⁷,

and the Commissioner shall proceed to recover or repay any balance of tax accordingly.

Offences.

19 (1) Any employer who wilfully or without reasonable excuse-

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- (a) fails to deduct tax from the emoluments of an employee in accordance with these regulations;
- (b) fails to pay into the Treasury as required by regulation 11 any tax deducted
- (c) fails to maintain or to return a deduction card for any employee for whom he is required to maintain and return such a card by regulation 10
- (d) fails to give a certificate of emoluments and of tax deducted therefrom to any employee to whom he is required to give such a certificate by regulation 13; or
- (e) fails to produce any wage sheets, documents or records which he is required to produce by regulation 17,

shall be guilty of an offence.

(2) Any employer guilty of an offence under the provisions of paragraph (a) of sub-regulation (1) shall be liable on conviction to a fine of £ 100 and a further sum of twice the amount of the tax which should have been deducted.

(3) Any employer guilty of an offence under the provisions of paragraph (b) of sub-regulation (1) shall be liable on conviction to imprisonment for twelve months or to a fine of £1000 and in either case to a further sum of twice the amount of tax which should have been deducted.

(4) Any employer guilty of an offence under any of the provisions of paragraphs (c), (d) or (e) of sub-regulation (1) shall be liable on conviction to a fine of £100 and a further fine. of £5 for each day during which the offence continues, and in default of payment, to imprisonment for three months.