

# Budget 2010



BN13

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## CHANGES TO THE RULES ON THE DEDUCTION OF INCOME TAX AT SOURCE

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### Who is likely to be affected?

1. Individuals and other non-corporates that make payments of interest, patent royalties or other annual payments which require tax to be deducted at source. Companies making these payments are unaffected.

### General description of the measure

2. Following consultation with affected parties, this measure will provide the Commissioners for Her Majesty's Revenue and Customs with a power to amend the rules relating to the time and manner in which persons need to report and remit the income tax deducted from certain payments.
3. The Government will legislate for this measure in a Finance Bill to be introduced as soon as possible after the summer recess.

### Operative date

4. The measure will have effect on and after the date that the legislation receives Royal Assent.

### Current law and proposed revisions

5. Currently, the rules setting out when and how a person must report income tax deducted at source from certain payments are set out in primary legislation.
6. The legislation provides that where a person other than a company makes a payment of a type contained within section 963 of the Income Tax Act 2007 from which income tax is required to be deducted, they are required to deliver an account of that payment to an officer of HM Revenue & Customs (HMRC) without delay. An officer of HMRC may make an assessment of the tax due on the person making the payment.
7. This change will provide HMRC with a power to make regulations to amend when and how a person should report income tax deducted from certain payments.

## **Further advice**

8. If you have any questions about this change, please contact Nicky Rass on 020 7147 2802 (email: [nicola.rass@hmrc.gsi.gov.uk](mailto:nicola.rass@hmrc.gsi.gov.uk)). Information about Budget measures is available on the HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)