



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 11

PAY AS YOU EARN

CHAPTER 3

PAYE: SPECIAL TYPES OF PAYER OR PAYEE

690 Employee non-resident etc.

- (1) This section applies in relation to an employee in a tax year ^{F1}... if the employee—
- ^{F2}(a) is either non-UK resident for the tax year or is UK resident but meets the requirement of section 26A for the tax year, and]
 - (b) works or will work in the United Kingdom and also works or is likely to work outside the United Kingdom.

^{F3}(1A) This section also applies in relation to an employee in a tax year if it appears to an officer of Revenue and Customs that—

- (a) the tax year is likely to be a split year as respects the employee, and
 - (b) the employee works or will work in the United Kingdom and also works or is likely to work outside the United Kingdom.]
- (2) If in relation to an employee to whom this section applies and any tax year it appears to ^{F4}an officer of Revenue and Customs]—
- (a) some of the income paid to the employee by the employer is PAYE income, but
 - (b) some of that income may not be PAYE income,

^{F4}an officer of Revenue and Customs] may, on an application made by the appropriate person, give a direction for determining a proportion of any payment made in that year of, or on account of, income of the employee which is to be treated as PAYE income.

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- [^{F5}(2A) For the purposes of subsection (2) as it applies in relation to an employee who is UK resident [^{F6}for a tax year but not domiciled in the United Kingdom in that tax year], the officer may treat section 809B of ITA 2007 (remittance basis) as applying to the employee for that year, even if no claim under that section has been made.]
- (3) In this section—
- (a) “the appropriate person” means the person designated by the employer for the purposes of this section and, if no person is so designated, the employer, and
 - (b) any reference to a payment made by the employer includes a reference to a payment made by a person acting on behalf of the employer and at the expense of the employer or a person connected with the employer.
- (4) An application under subsection (2) must provide such information as is available and is relevant to the application.
- (5) A direction under subsection (2)—
- (a) must specify the employee to whom and the tax year to which it relates,
 - (b) must be given by notice to the appropriate person, and
 - (c) may be withdrawn by notice to the appropriate person from a date specified in the notice.
- (6) The date so specified may not be earlier than 30 days from the date on which the notice of withdrawal is given.
- (7) If—
- (a) a direction under subsection (2) has effect in relation to an employee to whom this section applies, and
 - (b) a payment of, or on account of, the income of the employee is made by the employer in the tax year to which the direction relates,
- the proportion of the payment determined in accordance with the direction is to be treated for the purposes of PAYE regulations as a payment of PAYE income of the employee.
- (8) If in any tax year—
- (a) no direction under subsection (2) has effect in relation to an employee to whom this section applies, and
 - (b) any payment of, or on account of, the income of the employee is made by the employer,
- the entire payment is to be treated for the purposes of PAYE regulations as a payment of PAYE income of the employee.
- (9) Subsections (7) and (8) are without prejudice to—
- (a) any assessment in respect of the income of the employee in question, and
 - (b) any right to repayment of income tax [^{F7}and any relevant debts] overpaid and any obligation to pay income tax underpaid [^{F8}and any relevant debts that remain wholly or partly unpaid] .
- (10) In a case where section 689 [^{F9}or 689A] applies—
- (a) the references to the employer in subsection (3)(a) are to be read as references to the relevant person, and

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- (b) any reference to a payment made by the employer is to be read as a reference to a payment treated, for the purposes of PAYE regulations, as made by the relevant person.

In this subsection “the relevant person” has the same meaning as in section 689 [F10 or (as the case may be) 689A] .

Textual Amendments

- F1** Word in s. 690(1) omitted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 73\(2\)](#)
- F2** S. 690(1)(a) substituted (with effect in accordance with Sch. 46 para. 25 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 15\(2\)](#) (with [Sch. 46 para. 26](#))
- F3** S. 690(1A) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 73\(3\)](#)
- F4** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. [53\(1\)](#), [Sch. 4 para. 102\(1\)](#); S.I. 2005/1126, art. 2(2)(h)
- F5** S. 690(2A) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 35](#)
- F6** Words in s. 690(2A) substituted (with effect in accordance with Sch. 46 para. 25 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 15\(3\)](#) (with [Sch. 46 para. 26](#))
- F7** Words in s. 690(9)(b) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(8\)\(a\)](#)
- F8** Words in s. 690(9)(b) inserted (20.7.2011) by [The Finance Act 2009 \(Consequential Amendments\) Order 2011 \(S.I. 2011/1583\)](#), arts. 1, [2\(8\)\(b\)](#)
- F9** Words in s. 690(10) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. [21\(6\)\(a\)\(10\)](#)
- F10** Words in s. 690(10) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), s. [21\(6\)\(b\)\(10\)](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 452(2)(aa) inserted by [2013 c. 29 Sch. 23 para. 11](#)
- s. 574A(2A) inserted by [2024 c. 3 Sch. 9 para. 61\(2\)](#)
- s. 637G(2)(a)(b) inserted by [S.I. 2024/356 reg. 2](#)
- s. 637Q applied (with modifications) by 2004 c. 12, Sch. 36 para. 20(1A) (as inserted) by [2024 c. 3 Sch. 9 para. 77\(3\)](#)
- s. 637R applied (with modifications) by 2004 c. 12, Sch. 36 para. 19(2)(2A) (as substituted) by [2024 c. 3 Sch. 9 para. 76\(4\)](#)
- s. 637S applied (with modifications) by 2004 c. 12, Sch. 36 para. 20(2) (as amended) by [2024 c. 3 Sch. 9 para. 77\(4\)\(a\)](#)
- s. 688AB inserted by [2024 c. 3 s. 17\(1\)](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)