

**Direction under regulation 67CA of the
Income Tax (Pay As You Earn) Regulations 2003**

**Notifications of relevant payments to and by providers of certain
electronic payment methods**

The Commissioners for Her Majesty's Revenue and Customs make the following direction under regulation 67CA of the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682):

Effect

1. This direction has effect in relation to relevant payments made on and after 1st September 2012.

Circumstances in which regulation 67CA(1) and (2) of the Regulations does not apply

2. Regulation 67CA(1) and (2) of the Regulations does not apply if:

- (a) a relevant payment is made using an approved method of electronic communications other than Bacs Direct Credit, or
- (b) a relevant payment is made using Bacs Direct Credit but it is not made under the unique service user number allocated under the Bacs system solely for the use of the employer making the relevant payment.

Method of generating a reference in respect of a relevant payment

3. The reference required by regulation 67CA(1)(a) and (3) of the Regulations must be generated by entering into SHA 256 algorithm software the following information in the order given:

- (a) the sub-reference generated under paragraph 5,
- (b) the originator's bank sort code,
- (c) the recipient's bank sort code,
- (d) the amount of the payment the service provider is instructed to make in respect of the relevant payment.

Form of a notification to a service provider of a relevant payment

4. The notification required by regulation 67CA(1)(b) of the Regulations must take the form of a "/".

Method of generating a sub-reference in respect of a relevant payment

5. The sub-reference required by regulation 67CA(1)(c) and (3) of the Regulations must take the form of:

(a) the “/” required by paragraph 4, followed by

(b) a random three character string formed from the following characters:

- (i) upper case A - Z,
- (ii) 0-9,
- (iii) full stop,
- (iv) hyphen, and
- (v) “/”.

Manner of notification to a service provider

6. The combined notification and sub-reference described in paragraph 5 must be notified to the service provider in the place in the service provider’s payment instruction indicated by the service provider.

Interpretation

7. In this direction:

“approved method of electronic communications” means any method of electronic communications which has been approved for the purposes of regulation 199 of the Regulations,

“relevant payment” has the meaning given in regulation 4 of the Regulations,

“service provider” has the meaning given in regulation 67CA(4) of the Regulations,

“SHA 256 algorithm software” has the meaning given by the National Institute of Standards and Technology in Federal Information Processing Standards Publication *Secure Hash Standard (SHS)*¹, and

“the Regulations” means the Income Tax (Pay As You Earn) Regulations 2003.

28th August 2012

Mike Eland

28th August 2012

Jim Harra

Two of the Commissioners for Her Majesty’s Revenue and Customs

¹ Information Technology Laboratory, National Institute of Standards and Technology, Gaithersburg, MD 20899-8900, United States of America, October 2008, FIPS PUB 180-3.