

Legal Notice No. _____

THE INCOME TAX ACT

(CAP. 470)

IN EXERCISE of the powers conferred by Section 130 of the Income Tax Act, the Cabinet Secretary for the National Treasury and Economic Planning makes the following Rules –

THE INCOME TAX ACT (PAY AS YOU EARN) RULES, 2024

Citation	1. These Rules may be cited as the Income Tax (P.A.Y.E.) Rules, 2024.
Interpretation	2. (1) In these Rules, unless the context otherwise requires— "Commissioner" includes an officer authorized in writing by the Commissioner to exercise and perform functions conferred upon the Commissioner under these Rules; "emoluments" means— (a) gains or profits from employment or services rendered; and (b) the value of housing provided by an employer ascertained under section 5(3) of the Act; and (c) the value of benefit or facility provided by the employer, as prescribed in the Act; "employee" includes an individual receiving emoluments in respect of any employment, office, appointment or past employment; "monthly pay" in relation to a month, means the emoluments receivable by an employee during that month, calculated in accordance with the Act and these Rules; "monthly personal relief" in relation to any month, means that amount of personal relief to which an employee is entitled in that month in accordance with the Act and any unused monthly personal relief, from a previous month or months in the same year of income; "tax deduction form (P9)" means the tax deduction form prescribed by the Commissioner or such other document corresponding to a tax deduction form as may be authorized by the Commissioner in a particular case, and on which such information as the Commissioner may direct with respect to tax is recorded;

	<p>"unused personal relief" in relation to a month or months in the same year of income, means such amount of monthly personal relief as is in excess of the tax payable under these Rules in that month or months.</p>
Deduction of tax	<p>3. An employer who makes a payment of, or on account of, emoluments during a month to an employee who is liable to pay tax shall deduct tax from those emoluments in accordance with these Rules.</p>
Calculation of monthly tax due	<p>4. An employer shall in each month calculate, by reference to the tax rates provided in the Third Schedule of the Act, the tax due from each employee in that month having regard to the monthly personal relief of that employee.</p> <p>Provided that an employee shall be entitled to a relief from only one employer.</p>
Maintenance of records	<p>5. (1) On the occasion of the last payment of emoluments in any month to an employee, the employer shall, except where these Rules otherwise provide, ascertain, in respect of that month, the monthly pay of the employee, the monthly tax chargeable thereon, and the monthly personal relief of the employee.</p> <p>(2) Where the tax chargeable in respect of an employee for any month exceeds the employee's monthly personal relief, the employer shall deduct the amount of such excess from the last payment of emoluments in that month.</p> <p>(3) Where the tax chargeable exceeds the total amount of the last payment of emoluments, the unpaid balance shall be carried forward and deducted from subsequent payments until the full amount of tax is recovered.</p> <p>(4) Notwithstanding sub rule (3), the employer shall remit to the Commissioner the full amount of tax payable for the month for each employee.</p> <p>(5) The employer shall, on the tax deduction form, record for every month in which a payment of emoluments is made to an employee such particulars as specified in the schedule in respect of any such payment.</p>
Notification of emoluments and tax deducted	<p>6. On the occasion of the last payment of emoluments in any month to an employee, the employer shall in writing notify the employee of the total amount of the emoluments paid by the employer to the employee during such month, the total tax deducted from such emoluments and such other particulars as may be required under any other law.</p>

<p>Dispute in calculation and deduction of the tax</p>	<p>7. Where an employee is aggrieved by a calculation with respect to the deduction of tax from the emoluments and is unable to reach an agreement with the employer—</p> <p>(a) the employer shall inform the employee of their rights under this rule and shall, at the request of the employee, furnish the employee with a written statement showing the manner in which the employer arrived at such calculation;</p> <p>(b) the employee may give notice of objection in writing to the Commissioner, but any such notice shall be valid only if-</p> <p>(i) it states precisely the grounds of the objection;</p> <p>(ii) there is enclosed therewith the written statement furnished by the employer; and</p> <p>(iii) it is received by the Commissioner within thirty days of the date on which that statement was received by the employee.</p> <p>(2) On receipt of a notice of objection under this rule the Commissioner shall consider the objection and, subject to and in accordance with these Rules, may amend the calculation or reject the objection.</p> <p>(3) The Commissioner shall forthwith notify the employer and the employee within sixty days in writing of the decision on an objection and thereafter on the occasion of any payment to such employee in any month of, or on account of, emoluments the amount of tax deducted therefrom by the employer shall be in accordance with such decision.</p> <p>(4) Notwithstanding that a valid objection has been made, on the occasion of any payment to the employee in any month of, or on account of, emoluments from which tax is to be deducted in accordance with these Rules, the amount of tax deducted by the employer shall be in accordance with the calculation by the employer until the employer is notified by the Commissioner of the decision with respect to the objection.</p> <p>(5) Where an amount of tax has been deducted in excess of the amount payable by reason of the decision of the Commissioner under this rule -</p> <p>(a) The employer may amend the return in which the decision relates; or</p>
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	<p>(b) The employee may make an application for a refund at the end of the year of income upon making a self-assessment return.</p>
Return of emoluments	<p>8. On or before the ninth day of the month following the end of each month, an employer shall submit to the Commissioner a tax return of emoluments made to each employee and the tax deducted in the prescribed manner.</p> <p>Provided that where no tax was deducted, the employer shall submit to the Commissioner a tax return on emoluments made to each employee.</p>
Payment of tax by employer	<p>9. On or before the ninth day following the end of every month or before any other day which may be notified by the Commissioner, an employer shall pay, in such a manner prescribed by the Commissioner, all amounts of tax which the employer has deducted under these Rules during such month:</p> <p>Provided that in the case of a director, the due date shall be on or before the ninth day following the end of the month in which payment was made to the director, or on or before the last day of the fourth month after the accounting date, whichever is the earlier.</p>
Failure by employer to declare and/or remit tax	<p>10. (1) Where an employer fails –</p> <p>(a) to submit a tax return under Rule 8 the Commissioner may issue a default assessment;</p> <p>(b) to remit the tax under Rule 9, the Commissioner shall by notice issue a demand.</p> <p>(2) If the Commissioner is not satisfied that the amount of tax paid in respect of a period is the full amount which the person would have been liable to pay under rule 9 had person complied with these rules, the Commissioner shall issue an additional assessment.</p>
Recovery of tax	<p>11. For the purposes of the recovery of tax, which an employer would have been liable to pay under these Rules, the provisions of the Tax Procedures Act, Cap 469B shall apply.</p>
Death of employer	<p>12. If an employer dies, anything which such an employer would have been liable to do under these Rules shall be done by the employer's personal representatives, or, in the case of an employer who paid emoluments on behalf of another person, by the person succeeding the employer, or, if no person succeeds the</p>

	employer, the person on whose behalf the employer paid such emoluments.
Change of employer	<p>13. Where there has been a change in the employer from whom an employee receives emoluments in respect of the same employment, the succeeding employer shall –</p> <p>(a) notify the Commissioner of such change in accordance with provisions of the Tax Procedures Act, Cap 469B; and</p> <p>(b) be liable to do anything which the employer before the change would have been liable to do under these rules if the change had not taken place, but the succeeding employer shall not be liable for the payment of tax which was deductible from emoluments paid to the employee before the change took place.</p>
Penalties and Offences	<p>14. (1) Where a person, fails to make a deduction, declare or remit an amount of tax deducted, the provisions of the Act and the Tax Procedures Act, Cap 469B in respect of penalties and interest shall apply.</p> <p>(2) A person who commits an offence under these Rules shall be liable to the penalties specified under the Act and Tax Procedures Act, Cap 469B.</p>
Revocation L.N. 257 of 1973.	15. The Income Tax (P.A.Y.E) Rules, 1973 are revoked.

Dated the _____, 2024.

JOHN MBADI NG'ONGO,
Cabinet Secretary for the
National Treasury and Economic Planning