

Charge to income tax on repayment of employees' contributions. FA72 s21(1) to (5)(a) and (6) and (7); FA73 s18; FA92 s6(b) 780.—(1) In this section and in section 781, “employee”, in relation to a statutory scheme, includes an officer.

(2) Subject to this section, tax shall be charged under this section on any repayment to an employee during his or her lifetime of any contribution (including interest on contributions, if any) if the payment is made under—

(a) a scheme which is or has at any time been an exempt approved scheme, or

(b) a statutory scheme established under a public statute.

(3) This section shall not apply where the employee's employment was carried on outside the State.

(4) Subsection (2)(a) shall not apply in relation to a contribution made after the scheme ceases to be an exempt approved scheme unless it again becomes an exempt approved scheme.

(5) Where any payment is chargeable to tax under this section, the administrator of the scheme shall be charged to income tax under Case IV of Schedule D and, subject to subsection (7), the rate of the tax shall be 25 per cent; but, in the case of any repayment under a statutory scheme established under a public statute, the administrator of the scheme shall be entitled to deduct the tax chargeable in respect of that repayment from the amount of that repayment.

(6) The tax shall be charged on the amount paid or, if the administrator is entitled under the rules of the relevant scheme or otherwise to deduct the tax before payment, on the amount before deduction of tax, and the amount so charged to tax shall not be treated as income for any other purpose of the Income Tax Acts.

(7) (a) The Minister for Finance may by order from time to time increase or decrease the rate of tax under subsection (5).

(b) Every order under paragraph (a) shall be laid before Dáil Éireann as soon as may be after it is made and, if a resolution annulling the order is passed by Dáil Éireann within the next 21 days on which Dáil Éireann has sat after the order is laid before it, the order shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.