

Payments in respect of redundancy. FA68 s37(1) and (3) to (7); FA74 s86 and Sch2 Ptl; CTA76 s140(1) and Sch2 Ptl par30; FA77 s42 and Sch1 PtlV par2 109.—(1) In this section, “lump sum” and “rebate” have the same meanings respectively as in the Redundancy Payments Act, 1967 .

(2) Where a lump sum is paid by an employer in respect of employment wholly in a trade or profession carried on by the employer and within the charge to income tax or corporation tax, the amount of the lump sum shall (if not otherwise so allowable) be allowable as a deduction in computing for the purposes of Schedule D the profits or gains or losses of the trade or profession, but if it is so allowed by virtue of this section the amount of the rebate recoverable shall (if it is not otherwise to be so treated) be treated as a receipt to be taken into account in computing those profits or gains and, if the lump sum was paid after the discontinuance of the trade or profession, the net amount so deductible shall be treated as if it were a payment made on the last day on which the trade or profession was carried on.

(3) Where a lump sum is paid by an employer in respect of employment wholly in a business carried on by the employer and expenses of management of the business are eligible for relief under section 83 or 709, the amount by which the lump sum exceeds the amount of the rebate recoverable shall (if not otherwise so allowable) be allowable as expenses of management eligible for relief under that section and, if the lump sum was paid after the discontinuance of the business, the net amount so allowable shall be treated as if it were expenses of management incurred on the last day on which the business was carried on.

(4) Where a lump sum is paid by an employer in respect of employment wholly in maintaining or managing premises and the expenses of maintaining or managing the premises were deductible under section 97, the amount by which the lump sum exceeds the amount of the rebate recoverable shall (if not otherwise allowable under that section) be treated for the purposes of section 97 as a payment made by the employer in respect of the maintenance or management of the premises and, if the payment was made after the latest time when it could be taken into account under section 97 as a payment in respect of the maintenance or management of the property, it shall be treated as having been made at that time.

(5) Relief shall not be given under subsections (2) to (4), or otherwise, more than once in respect of any lump sum and, if the employee was being employed by the employer in such a way that different parts of the employee's remuneration fell to be treated for income tax purposes in different ways, the amount (in this subsection referred to as “the excess amount”) by which the lump sum exceeds the amount of the rebate recoverable shall be apportioned to the different capacities in which the employee was employed, and subsections (2) to (4) shall apply separately to the employment in those capacities, and by reference to the apportioned part of the excess amount, instead of by reference to the full amount of the lump sum and the full amount of the rebate.

(6) Where under section 32 of the Redundancy Payments Act, 1967 , a payment of the whole or part of a lump sum is made by the Minister for Enterprise, Trade and Employment, the payment shall, in so far as the employer has reimbursed that Minister, be deemed for the purposes of this section to have been made by the employer.