

CHAPTER 5 Miscellaneous charging provisions

General tax treatment of payments on retirement or removal from office or employment. ITA67 s114(1) to (5) and (7) 123.—(1) This section shall apply to any payment (not otherwise chargeable to income tax) which is made, whether in pursuance of any legal obligation or not, either directly or indirectly in consideration or in consequence of, or otherwise in connection with, the termination of the holding of an office or employment or any change in its functions or emoluments, including any payment in commutation of annual or periodical payments (whether chargeable to tax or not) which would otherwise have been so made.

(2) Subject to section 201, income tax shall be charged under Schedule E in respect of any payment to which this section applies made to the holder or past holder of any office or employment, or to his or her executors or administrators, whether made by the person under whom he or she holds or held the office or employment or by any other person.

(3) For the purposes of this section and section 201, any payment made to the spouse or any relative or dependant of a person who holds or has held an office or employment, or made on behalf of or to the order of that person, shall be treated as made to that person, and any valuable consideration other than money shall be treated as a payment of money equal to the value of that consideration at the date when it is given.

(4) Any payment chargeable to tax by virtue of this section shall be treated as income received on the following date—

(a) in the case of a payment in commutation of annual or other periodical payments, the date on which the commutation is effected, and

(b) in the case of any other payment, the date of the termination or change in respect of which the payment is made,

and shall be treated as emoluments of the holder or past holder of the office or employment assessable to income tax under Schedule E.

(5) In the case of the death of any person who if he or she had not died would have been chargeable to tax in respect of any such payment, the tax which would have been so chargeable shall be assessed and charged on his or her executors or administrators, and shall be a debt due from and payable out of his or her estate.

(6) Where any payment chargeable to tax under this section is made to any person in any year of assessment, it shall be the duty of the person by whom that payment is made to deliver particulars of the payment in writing to the inspector not later than 14 days after the end of that year.