



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XIII

MISCELLANEOUS SPECIAL PROVISIONS

CHAPTER VI

OTHER PROVISIONS

Miscellaneous

579 Statutory redundancy payments.

^{M1}(1) ^{F1}

(2) Where a redundancy payment or other employer's payment is made [^{F2}by a company] in respect of employment wholly in a [^{F3}trade or profession] carried on by [^{F4}the company], and within the charge to tax, the amount of the redundancy payment or the corresponding amount of the other employer's payment shall (if not otherwise so allowable) be allowable as a deduction in computing for the purposes of Schedule D the [^{F5}profits] or losses of the [^{F3}trade or profession], but—

(a) ^{F6}

(b) if the employer's payment was made after the discontinuance of the [^{F3}trade or profession] the ^{F7} . . . amount so deductible shall be treated as if it were a payment made on the last day on which the [^{F3}trade or profession] was carried on.

[^{F8}(3) Where a redundancy payment or other employer's payment is made [^{F9}by a company] in respect of employment wholly in a business carried on by [^{F10}the company] and—

(a) expenses of management of the business are deductible under section 75, or

(b) a deduction for expenses payable falls to be allowed in accordance with section 76 in computing profits of the business,

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the amount of the redundancy payment, or the corresponding amount of the other employer's payment, shall (to the extent that it would not otherwise fall to be so treated) be deductible under section 75 as expenses of management or as the case may be, be included at Step 1 in section 76(7).

(3A) If in a case where subsection (3) above applies, the payment in question is for the purposes of section 75 or 76 referable to an accounting period beginning after discontinuance, it shall be treated as referable to the accounting period ending on the last day on which the business was carried on.]

(4) ^{F11}

(5) Relief shall not be given under [^{F12}subsections (2) and (3)] above, or otherwise, more than once in respect of any employer's payment, and if the employee was being employed in such a way that different parts of his remuneration fell for [^{F13}corporation tax purposes] to be treated in different ways—

(a) the amount [^{F14}of the redundancy payment or the corresponding amount of the other employer's payment] shall be apportioned to the different capacities in which the employee was employed; and

(b) [^{F12}subsections (2) and (3)] above shall apply separately to the employment in those capacities, and by reference to the apportioned part of that amount, instead of by reference to the full amount of the employer's payment ^{F15}. . . .

(6) Where the Minister pays a sum under [^{F16}section 166 of the Employment Rights Act 1996] or [^{F17}Article 201 of the Employment Rights (Northern Ireland) Order 1996] in respect of an employer's payment this section shall apply as if—

(a) that sum had been paid on account of that redundancy or other employer's payment, and

(b) so far as [^{F18}the company] has reimbursed the Minister, it had been so paid by [^{F18}the company].

Textual Amendments

- F1** S. 579(1) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 63, Sch. 8 Pt. 1](#) (with Sch. 7)
- F2** Words in s. 579(2) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(2\)\(a\)](#) (with Sch. 2)
- F3** Words in s. 579(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(2\)\(b\)](#) (with Sch. 2)
- F4** Words in s. 579(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(2\)\(c\)](#) (with Sch. 2)
- F5** Words in s. 579(2) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\), s. 46\(3\)\(a\), Sch. 7 para. 1](#)
- F6** S. 579(2)(a) repealed (22.8.1996) by [Employment Rights Act 1996 \(c. 18\), s. 243, Sch. 3 Pt. 1](#)
- F7** Word in s. 579(2)(b) repealed (22.8.1996) by [Employment Rights Act 1996 \(c. 18\), s. 243, Sch. 3 Pt. 1](#)
- F8** S. 579(3)(3A) substituted for s. 579(3) (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 \(Consequential Amendment of Enactments\) Order 2004 \(S.I. 2004/2310\), art. 2, Sch. para. 26\(2\)](#)
- F9** Words in s. 579(3) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(3\)\(a\)](#) (with Sch. 2)
- F10** Words in s. 579(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(3\)\(b\)](#) (with Sch. 2)
- F11** S. 579(4) repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\), Sch. 5 para. 43, Sch. 27 Pt. 3\(4\), Note](#) (with Sch. 5 para. 73)

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- F12** Words in s. 579(5) substituted (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 5 para. 43** (with Sch. 5 para. 73)
- F13** Words in s. 579(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 239(4)** (with Sch. 2)
- F14** Words in s. 579(5)(a) substituted (22.8.1996) by Employment Rights Act 1996 (c. 18), s. 243, **Sch. 1 para. 35(2)(a)**
- F15** Words in s. 579(5)(b) repealed (22.8.1996) by Employment Rights Act 1996 (c. 18), s. 243, **Sch. 3 Pt. 1**
- F16** Words in s. 579(6) substituted (22.8.1996) by Employment Rights Act 1996 (c. 18), s. 243, **Sch. 1 para. 35(2)(b)**
- F17** Words in s. 579(6) substituted (24.9.1996) by The Employment Rights (Northern Ireland) Order 1996 (S.I. 1996/1919 (N.I. 16)), arts. 1(2), 255, **Sch. 1** (with Sch. 2 para. 1)
- F18** Words in s. 579(6)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 239(5)** (with Sch. 2)

Modifications etc. (not altering text)

- C1** S. 579 modified (with effect in accordance with s. 39(3)-(5) of the modifying Act) by Finance Act 1995 (c. 4), **Sch. 6 para. 23**

Marginal Citations

- M1** Source-1970 s.412(1)-(6)

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