
Status: Point in time view as at 31/07/1998.

Changes to legislation: Finance Act 1998, Cross Heading: Payments and other benefits in connection with termination of employment etc. is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)



Finance Act 1998

1998 CHAPTER 36

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

INCOME TAX AND CORPORATION TAX

Payments and other benefits in connection with termination of employment etc.

58 Payments and other benefits in connection with termination of employment, etc.

- (1) For section 148 of the Taxes Act 1988 (payments on retirement or removal from office or employment) substitute—

“148 Payments and other benefits in connection with termination of employment, etc.

- (1) Payments and other benefits not otherwise chargeable to tax which are received in connection with—
- (a) the termination of a person’s employment, or
 - (b) any change in the duties of or emoluments from a person’s employment,
- are chargeable to tax under this section if and to the extent that their amount exceeds £30,000.
- (2) For the purposes of this section a “benefit” includes anything which, if received for performance of the duties of the employment—
- (a) would be an emolument of the employment, or
 - (b) would be chargeable to tax as an emolument of the employment,

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or which would be such an emolument, or so chargeable, apart from any exemption.

- (3) An amount chargeable to tax under this section is income chargeable under Schedule E for the year of assessment in which the payment or other benefit is received.

The right to receive the payments or other benefits is not itself regarded as a benefit for this purpose.

- (4) For the purposes of this section—
- (a) a cash benefit is treated as received—
 - (i) when payment is made of or on account of the benefit, or
 - (ii) when the recipient becomes entitled to require payment of or on account of the benefit; and
 - (b) a non-cash benefit is treated as received when it is used or enjoyed.
- (5) This section applies—
- (a) whether the payment or other benefit is provided by the employer or former employer or by another person, and
 - (b) whether or not the payment or other benefit is provided in pursuance of a legal obligation.
- (6) This section has effect subject to Schedule 11, which contains provisions extending, restricting and otherwise supplementing the provisions of this section.
- (7) In this section and that Schedule “employment” includes an office and related expressions have a corresponding meaning.”.

- (2) In the Taxes Act 1988, for Schedule 11 (relief as respects tax on payments on retirement or removal from office or employment) substitute the Schedule set out in Part I of Schedule 9 to this Act.
- (3) The enactments mentioned in Part II of Schedule 9 to this Act have effect with the amendments specified there which are consequential on this section.
- (4) This section applies to payments or other benefits received (within the meaning of section 148 of the Taxes Act 1988 as substituted by subsection (1) above) on or after 6th April 1998, except where the payment or other benefit or the right to receive it has been brought into charge to tax before that date.

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