Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 2

TRADING INCOME

CHAPTER 5

TRADE PROFITS: RULES ALLOWING DEDUCTIONS

Redundancy payments etc.

79   Additional payments

(1) This section applies if the employer permanently ceases to carry on a trade or part of a trade and makes a payment to the employee in addition to—

    (a)   the redundancy payment, or

    (b)   if an approved contractual payment is made, the amount that would have been due if a redundancy payment had been payable.

F1(2) . . . .

(3) If, in calculating the profits of the trade—

    (a)   no deduction would otherwise be allowable for the additional payment, but

    (b)   a deduction would be allowable for it if the employer had not permanently ceased to carry on the trade or the part of the trade,

a deduction is allowed under this section for the additional payment.

(4) The deduction under this section is limited to 3 times the amount of—

    (a)   the redundancy payment, or

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    (b)   if an approved contractual payment is made, the amount that would have been due if a redundancy payment had been payable.

(5)   If the payment is made after the employer has permanently ceased to carry on the trade or the part of the trade, it is treated as made on the last day on which the employer carried on the trade or the part of the trade.

(6)   The deduction under this section is allowed for the period of account in which the payment is made (or treated under subsection (5) as made).

Textual Amendments

F1   S. 79(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 597, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Changes to legislation:
There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 79.