

*These notes refer to the Income Tax (Earnings and Pensions)
Act 2003 (c.1) which received Royal Assent on 6th March 2003*

INCOME TAX (EARNINGS AND PENSIONS) ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Example 3

Ne = £5,000; Da = 183; De = 183; Smg = 0

Part 8: Former employees: deductions for liabilities

Overview

Section 557: Deductible payments wholly or partly borne by the former employer etc.

2243. This section gives a method for determining the amount of any deduction due to a former employee in one of two circumstances where that employee has not paid or borne the whole of the cost of the payment personally. It derives from parts of section 92(4) and (5) of FA 1995.
2244. The first circumstance is that the former employer (as defined in section 563) of this Act has borne some or all of the cost involved. The second circumstance is that the cost has been met from the proceeds of a contract of insurance against the risk(s) that gave rise to the need to make the payment. A deduction for the payment involved is available only to the extent that the former employee has been treated as having received a relevant retirement benefit or post-employment earnings.