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# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART IV

#### PROVISIONS RELATING TO THE SCHEDULE D CHARGE

### CHAPTER V

#### COMPUTATIONAL PROVISIONS

VALID FROM 01/04/2009

*[<sup>F1</sup>Redundancy payments etc*

#### Textual Amendments

**F1** [S. 76ZF](#) and cross-heading inserted (1.4.2009 with effect in accordance with [s. 1329\(1\)](#) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 36](#) (with [Sch. 2 Pts. 1, 2](#))

#### **76ZF Redundancy payments and approved contractual payments**

- (1) Sections 76ZG to 76ZI apply if—
  - (a) a company to which section 76 applies (“the employer”) makes a redundancy payment or an approved contractual payment to another person (“the employee”), and
  - (b) the payment is in respect of the employee's employment wholly in the employer's life assurance business or partly in the employer's life assurance business and partly in one or more other capacities.
- (2) For the purposes of this section and sections 76ZG to 76ZH “redundancy payment” means a redundancy payment payable under—

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- (a) Part 11 of the Employment Rights Act 1996, or
- (b) Part 12 of the Employment Rights (Northern Ireland) Order 1996.

(3) For the purposes of this section and those sections—

“contractual payment” means a payment which, under an agreement, an employer is liable to make to an employee on the termination of the employee's contract of employment, and

a contractual payment is “approved” if, in respect of that agreement, an order is in force under—

- (a) section 157 of the Employment Rights Act 1996, or
- (b) Article 192 of the Employment Rights (Northern Ireland) Order 1996.

### **[<sup>F2</sup>76ZG Payments in respect of employment wholly in employer's business**

- (1) This section applies if the payment is in respect of the employee's employment wholly in the employer's life assurance business.
- (2) The payment is treated as expenses payable which fall to be brought into account at Step 1 in section 76(7), so far as it otherwise would not be.
- (3) The amount brought into account by virtue of this section for an approved contractual payment must not exceed the amount which would have been due to the employee if a redundancy payment had been payable.
- (4) If the payment is referable to an accounting period beginning after the business has permanently ceased to be carried on, it is treated as referable to the last accounting period in which the business was carried on.]

#### **Textual Amendments**

**F2** S. 76ZG inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 37 (with Sch. 2 Pts. 1, 2)

### **[<sup>F3</sup>76ZH Payments in respect of employment in more than one capacity**

- (1) This section applies if the payment is in respect of the employee's employment with the employer—
  - (a) partly in the employer's life assurance business, and
  - (b) partly in one or more other capacities.
- (2) The amount of the redundancy payment, or the amount which would have been due if a redundancy payment had been payable, is to be apportioned on a just and reasonable basis between—
  - (a) the employment in the life assurance business, and
  - (b) the employment in the other capacities.
- (3) The part of the payment apportioned to the employment in the life assurance business is treated as a payment in respect of the employee's employment wholly in the life assurance business for the purposes of section 76ZG.]

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#### Textual Amendments

- F3** S. 76ZH inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 38** (with Sch. 2 Pts. 1, 2)

#### [<sup>F4</sup>76ZI Additional payments

- (1) This section applies if the employer's business, or part of it, ceases (permanently) to be carried on and the employer 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.
- (2) If—
  - (a) the additional payment would not otherwise be regarded as expenses payable for the purposes of section 76, but
  - (b) that is only because the business, or the part of the business, has ceased to be carried on,the additional payment is regarded as expenses payable for the purposes of section 76.
- (3) So far as the additional payment would, apart from this subsection, be regarded as expenses payable for the purposes of Step 5 in subsection (7) of section 76, it is not to be so regarded for the purposes of that subsection (or of subsection (2) above so far as relating to section 76).
- (4) The amount treated under this section as expenses payable for the purposes of section 76 is limited to 3 times the amount of—
  - (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.
- (5) If the payment is referable to an accounting period beginning after the business or the part of the business has ceased to be carried on, it is treated as referable to the last accounting period in which the business, or the part concerned, was carried on.]

#### Textual Amendments

- F4** S. 76ZI inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 39** (with Sch. 2 Pts. 1, 2)

#### [<sup>F5</sup>76ZJ Payments by the Government]

- (1) This section applies if—
  - (a) a redundancy payment or an approved contractual payment is payable by a company to which section 76 applies (“the employer”), and
  - (b) a payment to which subsection (2) applies is made in respect of the payment.
- (2) This subsection applies to—
  - (a) payments made by the Secretary of State under section 167 of the Employment Rights Act 1996, and

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- (b) payments made by the Department for Employment and Learning under Article 202 of the Employment Rights (Northern Ireland) Order 1996.
- (3) So far as the employer reimburses the Secretary of State or Department for the payment, sections 76ZG to 76ZI apply as if the payment were—
- (a) a redundancy payment, or
  - (b) an approved contractual payment,
- made by the employer.]

**Textual Amendments**

- F5** S. 76ZJ inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 40** (with Sch. 2 Pts. 1, 2)

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