

## SCHEDULES

### SCHEDULE 11

#### RELIEF AS RESPECTS TAX ON PAYMENTS ON RETIREMENT OR REMOVAL FROM OFFICE OR EMPLOYMENT

##### PART I

##### GENERAL PROVISIONS

###### *Preliminary*

- 1 Relief shall be allowed in accordance with the following provisions of this Schedule in respect of tax chargeable by virtue of section 148, where a claim is made under section 188(6).
- 2 (1) A person shall not be entitled to relief under this Schedule in so far as such relief, together with any personal relief allowed to him, would reduce the amount of income on which he is chargeable below the amount income tax on which he is entitled to charge against any other person, or to deduct, retain or satisfy out of any payment which he is liable to make to any other person.  
(2) In sub-paragraph (1) above “personal relief” means relief under Chapter I of Part VII.

###### *Relief by reduction of sums chargeable*

- 3 In computing the charge to tax in respect of a payment chargeable to tax under section 148, being a payment made in respect of an office or employment in which the service of the holder includes foreign service, there shall be deducted from the payment a sum which bears to the amount which would be chargeable to tax apart from this paragraph the same proportion as the length of the foreign service bears to the length of the service before the relevant date.

###### *Relief by reduction of tax*

- 4 (1) Subject to sub-paragraph (2) below, in the case of any payment in respect of which tax is chargeable under section 148, the following relief shall be allowed by way of deduction from the tax chargeable by virtue of that section, that is to say, there shall be ascertained—
  - (a) the amount of tax which would be chargeable apart from this paragraph in respect of the income of the holder or past holder of the office or employment for the chargeable period of which the payment is treated as income;
  - (b) the amount of tax which would have been so chargeable if the payment had not been made;and the amount to be deducted shall be half the difference between the amount ascertained at (a) and the amount ascertained at (b).

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*Status: This is the original version (as it was originally enacted).*

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- (2) In the case of a payment which exceeds £50,000, this paragraph applies as if it were a payment of £50,000 exactly.
- 5 (1) Subject to sub-paragraph (2) below, in the case of a payment which exceeds £50,000 and in respect of which tax is chargeable under section 148, the following relief shall be allowed by way of deduction from the tax chargeable by virtue of that section, that is to say, there shall be ascertained—
- (a) the amount of tax which would be chargeable apart from this paragraph and paragraph 4 above in respect of the income of the holder or past holder of the office or employment for the chargeable period of which the payment is treated as income; and
  - (b) the amount of tax which would have been so chargeable if the amount of the payment had been £50,000 exactly;
- and the amount to be deducted shall be one-quarter of the difference between the amount ascertained at (a) and the amount ascertained at (b).
- (2) In the case of a payment which exceeds £75,000, this paragraph applies as if it were a payment of £75,000 exactly.
- (3) Any relief allowed by virtue of this paragraph shall be in addition to that allowed by virtue of paragraph 4 above.
- 6 Where tax is chargeable under section 148 in respect of two or more payments to or in respect of the same person in respect of the same office or employment and is so chargeable for the same chargeable period, those payments shall be treated for the purposes of paragraphs 4 and 5 above as a single payment of an amount equal to their aggregate amount.
- 7 Where tax is chargeable under section 148 in respect of two or more payments to or in respect of the same person in respect of different offices or employments and is so chargeable for the same chargeable period, paragraphs 4 to 6 above shall apply as if those payments were made in respect of the same office or employment.

#### *Supplemental*

- 8 Any reference in this Schedule to the emoluments of an office or employment is a reference to those emoluments exclusive of any payment chargeable to tax under section 148; and in calculating for any purpose of this Schedule the amount of such emoluments—
- (a) there shall be included any balancing charge to which the holder of the office or employment is liable under section 33 of the 1968 Act or under Chapter I of Part III of the Finance Act 1971 (“the 1971 Act”), and
  - (b) there shall be deducted any allowances under Chapter II of Part I of the 1968 Act or Chapter I of Part III of the 1971 Act, and any allowances for expenses under section 198 or 201, to which he is entitled,
- and any such charges or allowances for a chargeable period shall, for the purpose of ascertaining the amount of the emoluments for any year of service, be treated as accruing from day to day, and shall be apportioned in respect of time accordingly.
- 9 In this Schedule “the relevant date” means, in relation to a payment not being a payment in commutation of annual or other periodical payments, the date of the termination or change in respect of which it is made and, in relation to a payment in commutation of annual or other periodical payments, the date of the termination or change in respect of which those payments would have been made.

- 10 In this Schedule, “foreign service”, in relation to an office or employment, means—
- (a) service before the year 1974-75 such that tax was not chargeable in respect of the emoluments of the office or employment—
    - (i) in the case of the year 1956-57 or any subsequent chargeable period, under Case I of Schedule E;
    - (ii) in the case of any preceding year of assessment, under Schedule E; or
  - (b) service after the year 1973-74 such that the emoluments from the office or employment were not chargeable under Case I of Schedule E (or would not have been so chargeable, had there been any) or that a deduction equal to their whole amount was or would have been allowable under paragraph 1 of Schedule 2 to the Finance Act 1974, paragraph 1 of Schedule 7 to the Finance Act 1977 or section 193(1) in charging them.
- 11 Any reference in this Schedule to the amount of tax to which a person is or would be chargeable is a reference to the amount of tax to which he is or would be chargeable either by assessment or by deduction.