

# Redundancy

Redundancy is usually when you have lost your job because your employer needed to reduce his or her workforce and your job has disappeared.

This factsheet only covers tax and National Insurance contributions (NICs) on redundancy payments. It does not deal with every situation, but provides general information.

If you have other questions related to redundancy you should contact one of the organisations listed opposite. They can also help if you are in dispute with your employer.

## Your redundancy payment

Your employer may make a redundancy payment to you to compensate for ending your employment. This may be part of a redundancy package, which can include payments made for reasons other than your redundancy.

The table below shows some examples of these payments and when tax and NICs are payable.

Payment	Do I pay tax?	Do I pay National Insurance?
Redundancy payment	Only on the amount above £30,000	No
Unpaid wages	Yes	Yes
Bonus payment	Yes	Yes
Occupational pension	Yes	No

Your employer will deduct tax and NICs using the guidance we provide. He or she should also give you a form P45 *Details of employee leaving work* when you leave.

## Dealing with tax and NICs

If your employer pays your redundancy pay before you leave the employment, form P45 will reflect the pay and tax deducted through Pay As You Earn (PAYE).

If you are paid after you have left the employment and you have already been given form P45, your employer should not give you another. Instead, your employer should give you documentary confirmation of the payment (for example a letter, payslip or other printed document) stating:

- the date of the payment
- the amount of payment
- the amount of tax deducted
- confirmation that the payment is a post-leaving payment.

These notes explain in general terms what is likely to happen.  
Please contact us if you have any questions.

## Getting advice

You can find contact details for the HM Revenue & Customs office dealing with you on any letters we have sent to you.

You can also visit one of our Enquiry Centres. You can find the address:

- in *The Phone Book* under 'HM Revenue & Customs' or
- go to [www.hmrc.gov.uk/enq](http://www.hmrc.gov.uk/enq)

## Advice on redundancy

If you are made redundant you can get information about your rights under the Employment Rights Act 1966 from:

- The Advisory, Conciliation and Arbitration Service (ACAS) on **08457 47 47 47** or go to [www.acas.co.uk](http://www.acas.co.uk)
- Citizens Advice. Their phone number is in *The Phone Book* or go to [www.adviceguide.org.uk](http://www.adviceguide.org.uk)
- Department for Business, Innovation & Skills at [www.berr.gov.uk/](http://www.berr.gov.uk/) or their helpline number **020 7215 5000**
- Insolvency Service Redundancy Payments Office if your employer is insolvent or has not paid you a redundancy payment. Phone **0845 145 0004** or go to [www.insolvency.gov.uk](http://www.insolvency.gov.uk)
- Trade Union Congress (TUC) at [www.tuc.org.uk](http://www.tuc.org.uk)

## Further information

The Employment Income Manual contains more detail about our work in this area:

- go to [www.hmrc.gov.uk/manuals/ei\\_manual/EIM13750.htm](http://www.hmrc.gov.uk/manuals/ei_manual/EIM13750.htm)
- or visit one of our Enquiry Centres.

## Yr Iaith Gymraeg

Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

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## Items other than money

Anything else you receive which is not money is converted into a cash value for tax and NICs purposes. If these items were given to compensate for your redundancy, the cash value counts toward the £30,000 tax-free limit.

Contact your employer or HMRC if you want more information about tax and NICs on your redundancy payment or the payments included in your redundancy package.

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## Claiming a tax refund after redundancy

If you think you have paid too much tax, you should contact your tax office to claim a refund. They will tell you what information to provide and if there are any forms you need to complete.

If you have stopped working or are claiming Jobseeker's Allowance, taxable Employment and Support Allowance or taxable Incapacity Benefit your tax office will send you any tax refund you are entitled to.

If you have started a new job, your new employer will pay any refund you are entitled to with your pay from your new job.

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## Your Charter

To find out what you can expect from us and what we expect from you go to [www.hmrc.gov.uk/charter](http://www.hmrc.gov.uk/charter) and have a look at *Your Charter*.

### Putting things right

For information about our complaints procedures go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and under *Quick links* select *Complaints & Appeals*.

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We have a range of services for people with disabilities, including guidance in Braille, audio and large print. Most of our forms are also available in large print. Please contact us on any of our phone Helplines if you need these services.

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These notes explain in general terms what is likely to happen.  
Please contact us if you have any questions.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

Customer Information Team  
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