TD 92/D210 - Income tax: is a redundancy payment from redundancy trusts based on the Building Industry Agreement 1 October 1987 considered to be a bona fide redundancy payment under section 27F of the Income Tax Assessment Act 1936?

This cover sheet is provided for information only. It does not form part of *TD 92/D210 - Income tax: is a redundancy payment from redundancy trusts based on the Building Industry Agreement 1 October 1987 considered to be a bona fide redundancy payment under section 27F of the Income Tax Assessment Act 1936?*

This document has been finalised by TD 93/17.

Taxation Determination **TD**

92/D210

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: is a redundancy payment from redundancy trusts based on the Building Industry Agreement 1 October 1987 considered to be a bona fide redundancy payment under section 27F of the *Income Tax Assessment Act 1936*?

1. No. The payment made by redundancy trusts does not satisfy two of the requirements of section 27F as follows:

   (a) it is not paid to the recipient exclusively for being made bona fide redundant. The amount is also paid in other situations, that is, retirement or voluntary resignation; and/or

   (b) the payment does not exceed the amount of an eligible termination payment that could reasonably be expected to have been made, if the recipient voluntarily retired from employment at the time of termination.

2. In consequence, the concessional rate of tax available under section 27F cannot apply.

Commissioner of Taxation
12/11/92

FOI INDEX DETAIL: Reference No.
Related Determinations:
Related Rulings: IT2286
Subject Ref: bona fide redundancy payment; concessional component; eligible termination payment; redundancy payment
Legislative Ref: ITAA 27F
ATO Ref: BANTD6

ISSN 1038 - 8982