

## **TAXATION OF COMMUTED LUMP SUM FOLLOWING EMPLOYMENT**

We have been contacted by several members and some branch officials about a proposal by some forces that former police officers who were employed by police forces subsequent to their retirement may be liable to pay tax on their commuted lump sum. Several forces have publicised this proposal and have created significant alarm in those who they have said may be affected. The proposal refers specifically to those who have recently retired as police officers and been employed by forces with less than a one month break between the former officer's date of retirement and the date of employment by the force.

We are not convinced that this is a correct interpretation of the relevant legislation and we are urgently seeking clarification of this issue, initially from the Home Office. In order to advise our members on this matter we have sought some advice from our tax specialists. Whilst they are not in a position to give detailed advice on the substantive issue, they have clearly indicated that if such a tax liability does exist and as it is clear your employer knew your personal circumstance, the employer could be liable to either pay your tax or compensate you by the tax amount, as forces should have been aware of the consequences of such employment and should have clearly indicated those consequences to those they have employed in this way.

We will continue to pursue this issue in member's interest and will update branches and members as any new information comes to light.

**NARPO HQ**