

How to make a redundancy tax credit claim

To claim the refund you must attach evidence to support the amount of redundancy you were paid. You must obtain this evidence before sending this form to Inland Revenue. If you are unable to obtain the required supporting documentation please call **0800 020 012**.

To make a claim:

- Complete and sign this *Redundancy tax credit (IR 524)* form.
- Attach proof of the redundancy payment, for example, a signed letter from your employer showing the amount and date of the redundancy payment you received, or alternatively, a bank statement or payslip showing the amount of the redundancy payment.
- Please send this completed form and supporting information to:

Operations Delivery Christchurch
PO Box 3752
Christchurch Mail Centre
Christchurch 8140

Your redundancy tax credit will be direct credited if you nominate a bank account. Your refund will take approximately 6 weeks to process provided you supply all relevant information with your application.

Qualifying payments

The tax credit is generally allowed on a redundancy payment paid to an employee whose employment is terminated because the position is surplus to the requirements of the person's employer. It is solely compensation for the person's loss of employment.

The tax credit is not allowed for a payment relating to:

- retirement from employment
- loss of seasonal employment arising from a normal seasonal work cycle
- a contract of employment for a fixed term, or for the duration of a project
- employment for a period following notice of termination of employment.

Association rules – other non-qualifying payments

The tax credit is not allowed for a redundancy payment paid, directly or indirectly, by a person who is "associated" or related to you

Payments that may not qualify for the tax credit include redundancy payments paid directly or indirectly by:

- a company to its director, or to a shareholder-employee
- an employer who is a close relative of the employee, including the employee's children, spouse, civil union or de facto partner
- a partnership to any of its partners
- a trustee to an employee who is also a beneficiary or a settlor of the trust.

How do I calculate the tax credit?

The tax credit is limited to 6 cents for every dollar of redundancy compensation, up to \$60,000 for each redundancy. The maximum tax credit available for a redundancy is \$3,600 ($\$0.06 \times \$60,000$).

Enter the gross amount of the redundancy you received in Box 1.	1	\$.00
Multiply the amount shown in Box 1 above by 0.06 (6%) and enter in Box 2.	2	\$.00
If the amount in Box 2 is greater than \$3,600, write \$3,600 here. If the amount in Box 2 is less than \$3,600, write that amount here. This is your refund.	3	\$.00

Where can I get another copy of this form?

You can get a copy of this form from www.ird.govt.nz under "Forms and guides", or by calling us on **0800 020 012**.