

Employees on leave of absence, special leave, career break and casual employees

Income Tax (Employments) Regulations 2018

Part 42-04-18

Document last reviewed February 2023

Introduction

1. This Manual has effect from 1 January 2019, and it sets out an employer's obligation when an employee is on leave of absence, special leave or a career break. It also sets out what an employer should do when a casual employee ceases work.
2. Where an employee is "absent from work" because of leave of absence, or where a career break has been taken with the agreement of the employer, and the employee is not prohibited from taking up a new employment elsewhere during the period of absence, the commencement of the period of absence should be regarded as a cessation of employment and the employer shall notify Revenue of the date of cessation no later than the date of cessation as per Regulation 17(3) of the Income Tax (Employments) Regulations 2018.
3. Regulation 22(2) of the Income Tax (Employments) Regulations 2018 (Repayment during sickness and unemployment) may be applied, i.e. an employer may make a refund of tax to an employee, where the employee takes leave of absence without pay, provided the employer is satisfied that the employee is not gainfully employed.
4. In the case of a casual employee, i.e. an employee without fixed hours or attendance arrangements, an employer may not know whether the employee will attend for work again. As a result, the employer may not be in a position to include the date of cessation on the final payroll submission for that employee.

When the employer is satisfied that such an employee is no longer in active employment with that employer, the employer should report the date of cessation at that point but no later than three months after the date of the last payment of emoluments to the employee.