

Tax Guidance for Police Officers retiring and returning as Police Staff

Where officers are due to retire and wish to return to a role as a member of police staff they should be aware that, if they are not careful, they could fall in to an expensive “tax trap”. This trap is easy to avoid as long as they are aware of the time, in certain circumstances, that they must be away from Hampshire Constabulary.

This only applies to anyone wishing to return to Hampshire Constabulary. It does not apply to working for any other organisation (e.g. HCC, H3) either in or outside Hampshire.

If an officer is not yet 50 year old when they retire, they may return to Hampshire Constabulary as a member of police staff with no additional tax liabilities on their police pension or commuted lump sum.

If an officer is over 55 year old when they retire, they may return to Hampshire Constabulary as a member of police staff with no additional tax liabilities on their police pension or commuted lump sum.

If a police officer is over 50 year old on the date of their first day of retirement and not yet 55 year old, they should not consider returning to employment within Hampshire Constabulary, as police staff, until they have been retired for more than a month and a day. This will avoid a “tax trap” which would mean them paying tax of 70% on their commuted lump sum, and tax at 70% on their police pension, until they are 55 year old.

If anyone has any questions about this they should contact Tony Norton via the Police (pnn.) e-mail network.