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# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART XIV

PENSION SCHEMES, SOCIAL SECURITY BENEFITS, LIFE ANNUITIES ETC.

### CHAPTER I

#### RETIREMENT BENEFIT SCHEMES

**Modifications etc. (not altering text)**

**C1** Pt. 14 Ch. 1 (ss. 590-612) modified (31.3.1995) by [Judicial Pensions and Retirement Act 1993 \(c. 8\)](#), ss. 18, 19(4), 31(2); S.I. 1995/631, art. 2

*Approval of schemes*

**590** Conditions for approval of retirement benefit schemes.

<sup>F1</sup> .....

**Textual Amendments**

**F1** Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[<sup>F2</sup>590A Section 590: supplementary provisions.

<sup>F3</sup> .....]

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**Textual Amendments**

- F2 Ss. 590A-590C inserted by Finance Act 1989 (c. 26), s. 75, Sch. 6 paras. 4, **18(4)**
- F3 Ss. 590-594 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**[<sup>F4</sup>590B Section 590: further supplementary provisions.**

<sup>F5</sup> .....

**Textual Amendments**

- F4 Ss. 590A-590C inserted by Finance Act 1989 (c. 26), s. 75, Sch. 6 paras. 4, **18(4)**
- F5 Ss. 590-594 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**[<sup>F6</sup>590C Earnings cap.**

<sup>F7</sup> .....

**Textual Amendments**

- F6 Ss. 590A-590C inserted by Finance Act 1989 (c. 26), s. 75, Sch. 6 paras. 4, **18(4)**
- F7 Ss. 590-594 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**591 Discretionary approval.**

<sup>F8</sup> .....

**Textual Amendments**

- F8 Ss. 590-594 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**[<sup>F9</sup>591A Effect on approved schemes of regulations under section 591.**

<sup>F10</sup> .....

**Textual Amendments**

- F9 S. 591A inserted by Finance Act 1991 (c. 31), **s.35**
- F10 Ss. 590-594 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**[<sup>F11</sup>591B Cessation of approval: general provisions.**

<sup>F12</sup> .....

**Textual Amendments**

- F11 S. 591B inserted (retrospectively) by Finance Act 1991 (c. 31), **s. 36(1)(3)**

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**F12** Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**[<sup>F13</sup>591C Cessation of approval: tax on certain schemes.**

**F14** .....

**Textual Amendments**

**F13** Ss. 591C, 591D inserted (with effect in accordance with s. 61(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 61\(1\)](#)

**F14** Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**591D Section 591C: supplementary.**

**F15** .....]

**Textual Amendments**

**F13** Ss. 591C, 591D inserted (with effect in accordance with s. 61(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 61\(1\)](#)

**F15** Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

*Tax reliefs*

**592 Exempt approved schemes.**

**F16** .....

**Textual Amendments**

**F16** Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**593 Relief by way of deductions from contributions.**

**F17** .....

**Textual Amendments**

**F17** Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**594 Exempt statutory schemes.**

**F18** .....

**Textual Amendments**

**F18** Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

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### *Charge to tax in certain cases*

#### **595 Charge to tax in respect of certain sums paid by employer etc.**

F19 .....

##### **Textual Amendments**

**F19** Ss. 595, 596 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 74, **Sch. 8 Pt. 1** (with Sch. 7)

#### **596 Exceptions from section 595.**

F20 .....

##### **Textual Amendments**

**F20** Ss. 595, 596 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 74, **Sch. 8 Pt. 1** (with Sch. 7)

#### **[<sup>F21</sup>596A Charge to tax: benefits under non-approved schemes.**

F22 .....]

##### **Textual Amendments**

**F21** Ss. 596A, 596B inserted (with effect in accordance with Sch. 6 para. 18(7) of the amending Act) by Finance Act 1989 (c. 26), **Sch. 6 para. 9**

**F22** Ss. 596A-596C repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 75, **Sch. 8 Pt. 1** (with Sch. 7)

#### **[<sup>F23</sup>596B Section 596A: supplementary provisions.**

F24 .....]

##### **Textual Amendments**

**F23** Ss. 596A, 596B inserted (with effect in accordance with Sch. 6 para. 18(7) of the amending Act) by Finance Act 1989 (c. 26), **Sch. 6 para. 9**

**F24** Ss. 596A-596C repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 75, **Sch. 8 Pt. 1** (with Sch. 7)

#### **[<sup>F25</sup>596C Notional interest treated as paid if amount charged in respect of beneficial loan.**

F26 .....]

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**Textual Amendments**

- F25** S. 596C inserted (with effect in accordance with s. 93(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 93\(3\)](#)
- F26** Ss. 596A-596C repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 75](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

**597 Charge to tax: pensions.**

**F27** .....

**Textual Amendments**

- F27** S. 597 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 76](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

**598 Charge to tax: repayment of employee’s contributions.**

**F28** .....

**Textual Amendments**

- F28** Ss. 598-599A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with [Sch. 36](#)) (with savings in [S.I. 2006/5072](#), [arts. 1\(1\)](#), 38)

**599 Charge to tax: commutation of entire pension in special circumstances.**

**F29** .....

**Textual Amendments**

- F29** Ss. 598-599A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with [Sch. 36](#)) (with savings in [S.I. 2006/5072](#), [arts. 1\(1\)](#), 38)

**[<sup>F30</sup>599A Charge to tax: payments out of surplus funds.**

**F31** .....]

**Textual Amendments**

- F30** S. 599A inserted (with effect in accordance with [Sch. 6 para. 18\(9\)](#) of the amending Act) by [Finance Act 1989 \(c. 26\)](#), [Sch. 6 para. 12](#)
- F31** Ss. 598-599A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with [Sch. 36](#)) (with savings in [S.I. 2006/5072](#), [arts. 1\(1\)](#), 38)

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## 600 Charge to tax: unauthorised payments to or for employees.

F32 .....

### Textual Amendments

F32 S. 600 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 78, **Sch. 8 Pt. 1** (with Sch. 7)

## 601 Charge to tax: payments to employers.

F33 .....

### Textual Amendments

F33 Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

## 602 Regulations relating to pension fund surpluses.

F34 .....

### Textual Amendments

F34 Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

## 603 Reduction of surpluses.

F35 .....

### Textual Amendments

F35 Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

### *Supplementary provisions*

## 604 Application for approval of a scheme.

F36 .....

### Textual Amendments

F36 Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

## 605 Information.

F37 .....

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**Textual Amendments**

**F37** Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[<sup>F38</sup> **605A False statements etc.**

<sup>F39</sup> .....

**Textual Amendments**

**F38** S. 605A inserted (with application in accordance with s. 106(2) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 106\(1\)](#)

**F39** Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**606 Default of administrator etc.**

<sup>F40</sup> .....

**Textual Amendments**

**F40** Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[<sup>F41</sup> **606A Recourse to scheme members.**

<sup>F42</sup> .....

**Textual Amendments**

**F41** S. 606A inserted (with effect in accordance with [Sch. 15 para. 6\(2\)](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 15 para. 6\(1\)](#)

**F42** Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**607 Pilots' benefit fund.**

<sup>F43</sup> .....

**Textual Amendments**

**F43** Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**608 Superannuation funds approved before 6th April 1980.**

<sup>F44</sup> .....

**Textual Amendments**

**F44** Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

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**609 Schemes approved before 23rd July 1987.**

F45 .....

**Textual Amendments**  
F45 Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

**610 Amendments of schemes.**

F46 .....

**Textual Amendments**  
F46 Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

**611 Definition of “retirement benefits scheme”.**

F47 .....

**Textual Amendments**  
F47 Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[<sup>F48</sup>**611A** Definition of relevant statutory scheme.

F49 .....

**Textual Amendments**  
F48 S. 611A inserted (14.3.1989) by Finance Act 1989 (c. 26), Sch. 6 paras. 15, 18(1)  
F49 Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[<sup>F50</sup>**611A** Definition of the administrator.

F51 .....]

**Textual Amendments**  
F50 S. 611AA inserted (with application in accordance with s. 103(3) of the amending Act) by Finance Act 1994 (c. 4), s. 103(1)  
F51 Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

**611A** Definition of relevant statutory scheme.

F49 .....]



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**Textual Amendments**

- F48** S. 611A inserted (14.3.1989) by Finance Act 1989 (c. 26), Sch. 6 paras. 15, **18(1)**
- F49** Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**612 Other interpretative provisions, and regulations for purposes of this Chapter.**

**F52** .....

**Textual Amendments**

- F52** Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**CHAPTER II**

**OTHER PENSION FUNDS AND SOCIAL SECURITY BENEFITS AND CONTRIBUTIONS**

**613 Parliamentary pension funds.**

[<sup>F53</sup>(1) <sup>M1</sup>The salary of a Member of the House of Commons shall, for all the purposes of the Income Tax Acts, be treated as reduced by the amounts deducted in pursuance of section 1 of the <sup>M2</sup>House of Commons Members’ Fund Act 1939; but a Member shall not by reason of any such deduction be entitled to relief under any other provision of the Income Tax Acts.

(2) In subsection (1) above the reference to salary shall be construed as mentioned in subsection (3) of section 1 of the House of Commons Members’ Fund Act 1939, the reference to amounts deducted includes a reference to amounts required to be set aside under that subsection, and “deduction” shall be construed accordingly.]

(3) <sup>F54</sup> .....

(4) <sup>M3</sup>The <sup>F55</sup> . . . trustees of—

(a) the House of Commons Members’ Fund established under section 1 of that Act of 1939;

(b) <sup>F56</sup> .....

[<sup>F57</sup>(bb) <sup>F56</sup> .....

(c) <sup>F56</sup> .....

(d) <sup>F56</sup> .....

shall be entitled to exemption from income tax in respect of all income derived from [<sup>F58</sup>that Fund] or any investment of [<sup>F58</sup>that Fund].

A claim under this subsection shall be made to the Board.

**Textual Amendments**

- F53** S. 613(1)(2) (which were repealed by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 83, **Sch. 8 Pt. 1**) restored (retrospectively) by Finance Act 2005 (c. 7), **Sch. 10 para. 63**

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- F54** S. 613(3) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 83, Sch. 8 Pt. 1** (with Sch. 7)
- F55** Word in s. 613(4) repealed (6.4.2006) by **Finance Act 2004 (c. 12), s. 284(1), Sch. 35 para. 26(a), Sch. 42 Pt. 3**, Note (with Sch. 36)
- F56** S. 613(4)(b)-(d) repealed (6.4.2006) by **Finance Act 2004 (c. 12), s. 284(1), Sch. 35 para. 26(a), Sch. 42 Pt. 3**, Note (with Sch. 36)
- F57** S. 613(4)(bb) inserted (with effect in accordance with s. 52(2) of the amending Act) by **Finance Act 1999 (c. 16), Sch. 5 para. 4**
- F58** Words in s. 613(4) substituted (6.4.2006) by **Finance Act 2004 (c. 12), s. 284(1), Sch. 35 para. 26(b)** (with Sch. 36)

#### Marginal Citations

- M1** Source-1970 s.211(1), (4)
- M2** 1939 c. 49.
- M3** Source-1970 s.211(2) 1981 s.50(1); PPA 1987 Sch.3 2(1)

## 614 Exemptions and reliefs in respect of income from investments etc. of certain pension schemes.

- (1) <sup>F59</sup> .....
- (2) <sup>M4</sup> Any interest or dividends received by the person in whom is vested any of the Family Pension Funds mentioned in section 273 of the <sup>M5</sup>Government of India Act 1935, and having effect as a scheme made under section 2 of the <sup>M6</sup>Overseas Pensions Act 1973, on sums forming part of that fund shall be exempt from income tax.
- [<sup>F60</sup>(2A) The reference in subsection (2) above to interest on sums forming part of a fund include references to any amount which is treated as income by virtue of [<sup>F61</sup>Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply] discounted securities) and derives from any investment forming part of that fund.]
- (3) <sup>M7</sup> Income derived from investments or deposits of any fund referred to in [<sup>F62</sup>section 648, 649, 650 or 651 of ITEPA 2003] shall not be charged to income tax, and any income tax deducted from any such income shall be repaid by the Board to the persons entitled to receive the income.
- (4) <sup>M8</sup> In respect of income derived from investments or deposits of the Overseas Service Pensions Fund established pursuant to section 7(1) of the <sup>M9</sup>Overseas Aid Act 1966, the Board shall give by way of repayment such relief from income tax as is necessary to secure that the income is exempt to the like extent (if any) as if it were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (5) <sup>M10</sup> In respect of dividends and other income derived from investments, deposits or other property of a superannuation fund to which section 615(3) applies the Board shall give by way of repayment such relief from income tax as is necessary to secure that the income is exempt to the like extent (if any) as if it were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (6) <sup>M11</sup> A claim under this section shall be made to the Board.

#### Textual Amendments

- F59** S. 614(1) repealed (3.5.1994) by **Finance Act 1994 (c. 9), Sch. 26 Pt. 5(22)**

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- F60** S. 614(2A) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 34** (with Sch. 15)
- F61** Words in s. 614(2A) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 261** (with Sch. 2)
- F62** Words in s. 614(3) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 84** (with Sch. 7)

**Marginal Citations**

- M4** Source-1970 s.213(1)
- M5** 1935 c. 2.
- M6** 1973 c. 21.
- M7** Source-1970 s.214(2), 216(2); 1973 s.53(1)
- M8** Source-1970 s.217(2), (4)
- M9** 1966 c. 21.
- M10** Source-1970 s.218(1)
- M11** Source-1970 s.212(3), 213(1), 214(3), 216(2), 217(2), 218(1); 1987 Sch.15 2(13)

**615 Exemption from tax in respect of certain pensions.**

- (1) <sup>F63</sup> .....
- (2) <sup>F63</sup> .....
- (3) <sup>M12</sup> Where an annuity is paid from a superannuation fund to which this subsection applies to a person who is not resident in the United Kingdom, income tax shall not be deducted from any payment of the annuity or accounted for under section 349(1) by the trustees or other persons having the control of the fund.
- (4) <sup>F63</sup> .....
- (5) <sup>F63</sup> .....
- (6) <sup>M13</sup> Subsection (3) above applies to any superannuation fund which—
  - (a) is bona fide established under irrevocable trusts in connection with some trade or undertaking carried on wholly or partly outside the United Kingdom;
  - (b) has for its sole purpose [<sup>F64</sup>(subject to any enactment or Northern Ireland legislation requiring or allowing provision for the value of any rights to be transferred between schemes or between members of the same scheme)] the provision of superannuation benefits in respect of persons’ employment in the trade or undertaking wholly outside the United Kingdom; and
  - (c) is recognised by the employer and employed persons in the trade or undertaking;

and for the purposes of this subsection duties performed in the United Kingdom the performance of which is merely incidental to the performance of other duties outside the United Kingdom shall be treated as performed outside the United Kingdom.

- (7) <sup>M14</sup> In this section—
  - “pension” includes a gratuity or any sum payable on or in respect of death or, in the case of a pension falling within subsection (2)(g) above, ill-health, and a return of contributions with or without interest thereon or any other addition thereto;
  - “overseas territory” means any territory or country outside the United Kingdom;

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“the Pensions (Increase) Acts” means the <sup>M15</sup>Pensions (Increase) Act 1971 and any Act passed after that Act for purposes corresponding to the purposes of that Act;

“United Kingdom trust territory” means a territory administered by the government of the United Kingdom under the trusteeship system of the United Nations.

(8) <sup>F63</sup> .....

[<sup>F65</sup>(9) For the purposes of this section, a person shall be taken to be employed in the public service of an overseas territory at any time when—

- (a) he is employed in any capacity under the government of that territory, or under any municipal or other local authority in it,
- (b) he is employed, in circumstances not falling within paragraph (a) above, by a body corporate established for any public purpose in that territory by an enactment of a legislature empowered to make laws for that territory, or
- (c) he is the holder of a public office in that territory in circumstances not falling within either paragraph (a) or (b).

(10) For the purposes of subsection (9), references to the government of an overseas territory include references to a government constituted for two or more overseas territories, and to any authority established for the purpose of providing or administering services which are common to, or relate to matters of common interest to, two or more such territories.]

**Textual Amendments**

**F63** S. 615(1)(2)(4)(5)(8) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 85, Sch. 8 Pt. 1](#) (with Sch. 7)

**F64** Words in s. 615(6)(b) inserted (27.7.1999) by [Finance Act 1999 \(c. 16\), Sch. 10 para. 11](#)

**F65** S. 615(9)(10) inserted (17.6.2002) by [International Development Act 2002 \(c. 1\), s. 20\(2\), Sch. 3 para. 9\(3\)](#) (with Sch. 5); [S.I. 2002/1408, art. 2](#)

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**Marginal Citations**

**M12** Source-1970 s.218(3)

**M13** Source-1970 s.218(4)

**M14** Source-1970 s.214(5), 215(3), 216(4), 217(4)

**M15** 1971 c. 56.

**616 Other overseas pensions.**

<sup>F66</sup> .....

**Textual Amendments**

**F66** S. 616 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 86, Sch. 8 Pt. 1](#) (with Sch. 7)

**617 Social security benefits and contributions.**

(1) <sup>F67</sup> .....

*Status: Point in time view as at 06/04/2006.*

**Changes to legislation:** *Income and Corporation Taxes Act 1988, PART XIV is up to date with all changes known to be in force on or before 09 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (2) <sup>F67</sup> .....
- (3) <sup>M16</sup> Subject to [<sup>F68</sup> subsections (4) and (5) below], no relief or deduction shall be given or allowed [<sup>F69</sup> for corporation tax purposes] in respect of any contribution paid by any person under—
- (a) Part I of the Social Security [<sup>F70</sup> Contributions and Benefits Act 1992], or
  - (b) Part I of the Social Security [<sup>F71</sup> Contributions and Benefits (Northern Ireland) Act 1992].
- [<sup>F72</sup>(4) Subsection (3) above shall not apply to a contribution if it is a secondary Class 1 contribution [<sup>F73</sup>, a Class 1A contribution or a Class 1B contribution] (within the meaning of Part I of either of those Acts) and is allowable—
- (a) as a deduction in computing profits or gains;
  - (b) as expenses of management deductible under section 75 or [<sup>F74</sup> falls to be brought into account under section 76 as expenses payable]; [<sup>F75</sup> or]
  - (c) as expenses of management or supervision deductible under section 121;
  - [<sup>F76</sup>(d) <sup>F77</sup> .....
  - (e) <sup>F77</sup> .....]]
- [<sup>F78</sup>(5) Subsection (3) above shall not apply for the purposes of deductions under Chapter 2 of Part 5 of ITEPA 2003 (in relation to which section 360A of that Act applies).]
- (5) <sup>F79</sup> .....
- (6) <sup>F80</sup> .....

### Textual Amendments

- F67** S. 617(1)(2) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 87\(2\), Sch. 8 Pt. 1](#) (with Sch. 7)
- F68** Words in s. 617(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 262\(2\)\(a\)](#) (with Sch. 2)
- F69** Words in s. 617(3) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 262\(2\)\(b\)](#) (with Sch. 2)
- F70** Words in s. 617(3)(a) substituted (1.7.1992) by [Social Security \(Consequential Provisions\) Act 1992 \(c. 6\), ss. 4, 7\(2\), Sch. 2 para. 93\(4\)](#)
- F71** Words in s. 617(3)(b) substituted (1.7.1992) by [Social Security \(Consequential Provisions\) \(Northern Ireland\) Act 1992 \(c. 9\), ss. 4, 7\(2\), Sch. 2 para. 33\(4\)](#)
- F72** S. 617(4) substituted (with effect in accordance with s. 65(5) of the amending Act) by [Finance Act 1997 \(c. 16\), s. 65\(3\)](#)
- F73** Words in s. 617(4) substituted (with effect in accordance with s. 61(2) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 61\(1\)](#)
- F74** Words in s. 617(4)(b) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 \(Consequential Amendment of Enactments\) Order 2004, Sch. para. 31\(2\)](#)
- F75** Word at the end of s. 617(4)(b) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 262\(3\)\(a\)](#) (with Sch. 2)
- F76** S. 617(4)(d)(e) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 87\(3\)](#) (with Sch. 7)
- F77** S. 617(4)(d)(e) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 262\(3\)\(b\), Sch. 3](#) (with Sch. 2)

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- F78** S. 617(5) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 262\(4\)](#) (with Sch. 2)
- F79** S. 617(5) repealed (with effect in accordance with s. 147(3) of the repealing Act) by [Finance Act 1996 \(c. 8\), s. 147\(1\), Sch. 41 Pt. 5\(15\)](#), Note
- F80** S. 617(6) repealed (24.4.2000 for specified purposes and 9.4.2001 otherwise) by [Welfare Reform and Pensions Act 1999 \(c. 30\), s. 89\(1\), Sch. 8 para. 1\(3\), Sch. 13 Pt. 5; S.I. 2000/1047, art. 2\(2\)\(a\), Sch. Pt. 1](#)

**Marginal Citations**

- M16** Source-1970 s.219(3)

**[<sup>F81</sup> 617A Tax credits under Part 1 of Tax Credits Act 2002**

<sup>F82</sup> ..... ]

**Textual Amendments**

- F81** S. 617A inserted (prosp.) by [Tax Credits Act 2002 \(c. 21\), s. 61, Sch. 3 para. 14](#) (the insertion being brought into force at 6.4.2003 by [S.I. 2003/962, art. 2\(3\)\(d\)\(iii\)](#))
- F82** S. 617A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 88, Sch. 8 Pt. 1](#) (with Sch. 7)

**CHAPTER III**

**RETIREMENT ANNUITIES**

**618 Termination of relief under this Chapter, and transitional provisions.**

<sup>F83</sup> .....

**Textual Amendments**

- F83** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

**619 Exemption from tax in respect of qualifying premiums.**

<sup>F84</sup> .....

**Textual Amendments**

- F84** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

**620 Qualifying premiums.**

<sup>F85</sup> .....

*Status: Point in time view as at 06/04/2006.*

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**Textual Amendments**

**F85** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**621 Other approved contracts.**

**F86** .....

**Textual Amendments**

**F86** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**622 Substituted retirement annuity contracts.**

**F87** .....

**Textual Amendments**

**F87** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**623 Relevant earnings.**

**F88** .....

**Textual Amendments**

**F88** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**624 Sponsored superannuation schemes and controlling directors.**

**F89** .....

**Textual Amendments**

**F89** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**625 Carry-forward of unused relief under section 619.**

**F90** .....

**Textual Amendments**

**F90** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)



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## 626 Modification of section 619 in relation to persons over 50.

F91

### Textual Amendments

**F91** Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

## F92 627 Lloyd’s underwriters.

### Textual Amendments

**F92** S. 627 repealed (with effect as mentioned in s. 228(4) of the repealing Act) by [Finance Act 1994 \(c. 9\)](#), s. 228(2)(a), [Sch. 26 Pt. 5\(25\)](#), Note 1

## 628 Partnership retirement annuities.

F93

### Textual Amendments

**F93** S. 628 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

## 629 Annuity premiums of Ministers and other officers.

<sup>M17</sup>(1) For the purposes of this Chapter so much of any salary which—

- (a) is payable to the holder of a qualifying office who is also a Member of the House of Commons, and
- (b) is payable for a period in respect of which the holder is not a participant in relation to that office in arrangements contained in the Parliamentary pension scheme but is a participant in relation to his membership of the House of Commons in any such arrangements, or for any part of such a period,

as is equal to the difference between a Member’s pensionable salary and the salary which (in accordance with any such resolution as is mentioned in subsection (3)(a) below) is payable to him as a Member holding that qualifying office shall be treated as remuneration from the office of Member and not from the qualifying office.

(2) In this section—

“Member’s pensionable salary” means a Member’s ordinary salary under any resolution of the House of Commons which, being framed otherwise than as an expression of opinion, is for the time being in force relating to the remuneration of Members or, if the resolution provides for a Member’s ordinary salary thereunder to be treated for pension purposes as being at a higher rate, a notional yearly salary at that higher rate;

“qualifying office” means an office mentioned in section 2(2)(b), (c) or (d) of the Parliamentary and other <sup>M18</sup>Pensions Act 1987;

“the Parliamentary pension scheme” has the same meaning as in that Act;



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and without prejudice to the power conferred by virtue of paragraph 13 of Schedule 1 to that Act, regulations under section 2 of that Act may make provision specifying the circumstances in which a person is to be regarded for the purposes of this section as being or not being a participant in relation to his Membership of the House of Commons, or in relation to any office, in arrangements contained in the Parliamentary pension scheme.

- (3) In subsection (2) above “a Member’s ordinary salary”, in relation to any resolution of the House of Commons, means—
- (a) if the resolution provides for salary to be paid to Members at different rates according to whether or not they are holders of particular offices, or are in receipt of salaries or pensions as the holders or former holders of particular offices, a Member’s yearly salary at the higher or highest rate; and
  - (b) in any other case, a Member’s yearly salary at the rate specified in or determined under the resolution.

**Modifications etc. (not altering text)**

**C2** S. 629 applied (with modifications) (with effect in accordance with s. 52(2) of the affecting Act) by Finance Act 1999 (c. 16), **Sch. 5 para. 6**

**Marginal Citations**

**M17** Source-1970 s.229

**M18** 1987 c. 45.

## CHAPTER IV

### PERSONAL PENSION SCHEMES

**Modifications etc. (not altering text)**

**C3** Pt. 14 Ch. 5 excluded (1.5.1995) by Finance Act 1995 (c. 4), **s. 60(5)**

#### *Preliminary*

#### **630 Interpretation.**

**F94** .....

**Textual Amendments**

**F94** Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

#### **631 Approval of schemes.**

**F95** .....

*Status: Point in time view as at 06/04/2006.*

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**Textual Amendments**

**F95** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[<sup>F96</sup> **631A Conversion of certain approved retirement benefits schemes.**

**F97** .....

**Textual Amendments**

**F96** S. 631A inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 7](#) (with Sch. 13 Pt. 2)

**F97** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

*Restrictions on approval*

**632 Establishment of schemes.**

**F98** .....

**Textual Amendments**

**F98** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[<sup>F99</sup> **632A Eligibility to make contributions.**

**F100** .....

**Textual Amendments**

**F99** Ss. 632A, 632B inserted (6.4.2001) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 8](#) (with Sch. 13 Pt. 2)

**F100** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**632B Eligibility to make contributions: concurrent membership.**

**F101** .....]

**Textual Amendments**

**F99** Ss. 632A, 632B inserted (6.4.2001) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 8](#) (with Sch. 13 Pt. 2)

**F101** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**633 Scope of benefits.**

**F102** .....

*Status: Point in time view as at 06/04/2006.*

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**Textual Amendments**

**F102** Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

**634 Annuity to member.**

**F103** .....

**Textual Amendments**

**F103** Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[<sup>F104</sup>**634A** **Income withdrawals by member.**

**F105** .....]

**Textual Amendments**

**F104** S. 634A inserted (1.5.1995) by Finance Act 1995 (c. 4), Sch. 11 para. 4

**F105** Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

**635 Lump sum to member.**

**F106** .....

**Textual Amendments**

**F106** Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

**636 Annuity after death of member.**

**F107** .....

**Textual Amendments**

**F107** Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[<sup>F108</sup>**636A** **Income withdrawals after death of member.**

**F109** .....]

**Textual Amendments**

**F108** S. 636A inserted (1.5.1995) by Finance Act 1995 (c. 4), Sch. 11 para. 7

**F109** Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

*Status: Point in time view as at 06/04/2006.*

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### 637 Death benefit.

F110 .....

#### Textual Amendments

F110 Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

### [<sup>F111</sup>637A Return of contributions on or after death of member.

F112 .....]

#### Textual Amendments

F111 Ss. 637, 637A substituted for s. 637 (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 8](#)

F112 Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

### 638 Other restrictions on approval.

F113 .....

#### Textual Amendments

F113 Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

### [<sup>F114</sup>638ZA Personal pension arrangements with more than one pension date etc.

F115 .....]

#### Textual Amendments

F114 S. 638ZA inserted (6.4.2001) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 14](#) (with Sch 13 Pt. 2)

F115 Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

### [<sup>F116</sup>638APower to prescribe restrictions on approval.

F117 .....]

#### Textual Amendments

F116 S. 638A inserted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), [s. 94\(1\)](#)

F117 Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

## *Tax reliefs*

### 639 Member's contributions.

F118 .....

*Status: Point in time view as at 06/04/2006.*

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**Textual Amendments**

**F118** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**640 Maximum amount of deductions.**

**F119** .....

**Textual Amendments**

**F119** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[<sup>F120</sup>**640A** **Earnings cap.**

**F121** .....]

**Textual Amendments**

**F120** S. 640A inserted (with effect in accordance with [Sch. 7 para. 4\(2\)](#) of the amending Act) by [Finance Act 1989 \(c. 26\)](#), [Sch. 7 para. 4\(1\)](#)

**F121** Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**641 Carry-back of contributions.**

**F122** .....

**Textual Amendments**

**F122** S. 641 repealed (with effect in accordance with [Sch. 13 para. 17](#) of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 40 Pt. 2\(4\)](#), Note 3 (with [Sch. 13 Pt. 2](#))

[<sup>F123</sup>**641A** **Election for contributions to be treated as paid in previous year.**

**F124** .....]

**Textual Amendments**

**F123** S. 641A inserted (with effect in accordance with [Sch. 13 para. 18\(2\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 18\(1\)](#) (with [Sch. 13 Pt. 2](#))

**F124** S. 641A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**642 Carry-forward of relief.**

**F125** .....

*Status: Point in time view as at 06/04/2006.*

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**Textual Amendments**

**F125** S. 642 repealed (with effect in accordance with Sch. 13 para. 19 of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 40 Pt. 2\(4\)](#), Note 4 (with Sch. 13 Pt. 2)

**643 Employer’s contributions and personal pension income etc.**

**F126** .....

**Textual Amendments**

**F126** Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**644 Meaning of “relevant earnings”.**

**F127** .....

**Textual Amendments**

**F127** Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**645 Earnings from pensionable employment.**

**F128** .....

**Textual Amendments**

**F128** Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

**646 Meaning of “net relevant earnings”.**

**F129** .....

**Textual Amendments**

**F129** Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[<sup>F130</sup> **646A** Earnings from associated employments.

**F131** .....]

**Textual Amendments**

**F130** S. 646A inserted (with effect in accordance with Sch. 7 para. 8(2) of the amending Act) by [Finance Act 1989 \(c. 26\)](#), [Sch. 7 para. 8\(1\)](#)

**F131** Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

*Status: Point in time view as at 06/04/2006.*

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[<sup>F132</sup> **646B** Presumption of same level of relevant earnings etc for 5 years.

F133 .....

**Textual Amendments**

F132 Ss. 646B, 646C inserted (with effect in accordance with Sch. 13 para. 22(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 13 para. 22(1)** (with Sch. 13 Pt. 2)

F133 Ss. 643-646D repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**646C Provisions supplementary to section 646B.**

F134 .....]

**Textual Amendments**

F132 Ss. 646B, 646C inserted (with effect in accordance with Sch. 13 para. 22(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 13 para. 22(1)** (with Sch. 13 Pt. 2)

F134 Ss. 643-646D repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

[<sup>F135</sup> **646D** Higher level contributions after cessation of actual relevant earnings: modification of section 646B.

F136 .....]

**Textual Amendments**

F135 S. 646D inserted (with effect in accordance with Sch. 13 para. 23(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 13 para. 23(1)** (with Sch. 13 Pt. 2)

F136 Ss. 643-646D repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

*Charge to tax*

**647 Unauthorised payments.**

F137 .....

**Textual Amendments**

F137 Ss. 647-648A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 96, **Sch. 8 Pt. 1** (with Sch. 7)

**648 Contributions under unapproved arrangements.**

F138 .....

*Status: Point in time view as at 06/04/2006.*

*Changes to legislation: Income and Corporation Taxes Act 1988, PART XIV is up to date with all changes known to be in force on or before 09 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**Textual Amendments**

**F138** Ss. 647-648A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 96](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[<sup>F139F140</sup> .....

**Textual Amendments**

**F139** [S. 648A](#) and preceding cross-heading inserted (with application in accordance with [s. 109\(2\)](#) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 109\(1\)](#)

**F140** Cross-heading preceding [s. 648A](#) omitted (1.5.1995) by virtue of [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 12](#)

**648A Annuities: charge under Schedule E.**

<sup>F141</sup> .....

**Textual Amendments**

**F139** [S. 648A](#) and preceding cross-heading inserted (with application in accordance with [s. 109\(2\)](#) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 109\(1\)](#)

**F141** Ss. 647-648A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 96](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[<sup>F142</sup> **Return of contributions after pension date.**

<sup>F143</sup> **648B** .....]

**Textual Amendments**

**F139** [S. 648A](#) and preceding cross-heading inserted (with application in accordance with [s. 109\(2\)](#) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 109\(1\)](#)

**F142** [S. 648B](#) inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 12](#)

**F143** Ss. 648B-651A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with [Sch. 36](#))

*Miscellaneous*

**649 Minimum contributions under Social Security Act 1986.**

<sup>F144</sup> .....

**Textual Amendments**

**F144** Ss. 648B-651A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with [Sch. 36](#))



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## 650 Withdrawal of approval.

F145 .....

### Textual Amendments

F145 Ss. 648B-651A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

## [<sup>F146</sup>650A] Charge on withdrawal of approval from arrangements.

F147 .....]

### Textual Amendments

F146 S. 650A inserted (with effect in accordance with s. 95(4) of the amending Act) by Finance Act 1998 (c. 36), s. 95(1)

F147 Ss. 648B-651A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

## 651 Appeals.

F148 .....

### Textual Amendments

F148 Ss. 648B-651A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

## [<sup>F149</sup>651A] Information powers.

F150 .....]

### Textual Amendments

F149 S. 651A inserted (31.7.1998) by Finance Act 1998 (c. 36), s. 96(1)

F150 Ss. 648B-651A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

## 652 Information about payments.

F151 .....

### Textual Amendments

F151 S. 652 repealed (1.10.2000) by Finance Act 1998 (c. 36), s. 96(4), Sch. 27 Pt. 3(21), Note; S.I. 2000/2319, art. 2

## 653 Information: penalties.

F152 .....

*Status: Point in time view as at 06/04/2006.*

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#### Textual Amendments

**F152** Ss. 653-655 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

### [<sup>F153</sup>653A] Notices to be given to scheme administrator.

<sup>F154</sup> .....

#### Textual Amendments

**F153** S. 653A inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 97\(1\)](#)

**F154** Ss. 653-655 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

### 654 Remuneration of Ministers and other officers.

<sup>F155</sup> .....

#### Textual Amendments

**F155** Ss. 653-655 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

### 655 Transitional provisions.

<sup>F156</sup> .....

#### Textual Amendments

**F156** Ss. 653-655 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

## CHAPTER V

### PURCHASED LIFE ANNUITIES

#### 656 Purchased life annuities other than retirement annuities.

- (1) <sup>M19</sup>Subject to section 657, a purchased life annuity shall, for the purposes of the provisions of the [<sup>F157</sup>Corporation Tax Acts] relating to tax on annuities and other annual payments, be treated as containing a capital element and, to the extent of the capital element, as not being an annual payment or in the nature of an annual payment; but the capital element in such an annuity shall be taken into account in computing profits or gains or losses for [<sup>F158</sup>other corporation tax purposes] in any circumstances in which a lump sum payment would be taken into account.
- (2) <sup>M20</sup>Where, in the case of any purchased life annuity to which this section applies, the amount of any annuity payment (but not the term of the annuity) depends on any contingency other than the duration of a human life or lives—
  - (a) the capital element shall be determined by reference—

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- (i) to the amount or value of the payments made or other consideration given for the grant of the annuity (“the purchase price”); and
- (ii) to the expected term of the annuity, as at the date when the first annuity payment began to accrue, expressed in years (and any odd fraction of a year), and determined by reference to the prescribed tables of mortality;

and in head (ii) above “term” means the period from the date when the first annuity payment begins to accrue to the date when the last payment becomes payable;

- (b) the capital element in any annuity payment made in respect of a period of 12 months shall be a fraction—

$$\frac{1}{E}$$

of the purchase price, where E is the expected term referred to in paragraph (a)(ii) above;

- (c) the capital element in any annuity payment made in respect of a period of less than, or more than, 12 months shall be the amount at (b) above reduced or, as the case may be, increased, in the same proportion as the length of that period bears to a period of 12 months;
  - (d) subsection (3) below shall not apply but paragraphs (a) and (b) of subsection (4) below shall apply as they apply to that subsection.
- (3) Subject to subsection (2) above, in the case of any purchased life annuity to which this section applies—
- (a) <sup>M21</sup>the capital element shall be determined by reference to the amount or value of the payments made or other consideration given for the grant of the annuity; and
  - (b) the proportion which the capital element in any annuity payment bears to the total amount of that payment shall be constant for all payments on account of the annuity; and
  - (c) where neither the term of the annuity nor the amount of any annuity payment depends on any contingency other than the duration of a human life or lives, that proportion shall be the same proportion which the total amount or value of the consideration for the grant of the annuity bears to the actuarial value of the annuity payments as determined in accordance with subsection (4) below; and
  - (d) <sup>M22</sup>where either the term of the annuity or the amount of any annuity payment (but not both) depends on any contingency other than the duration of a human life or lives, that proportion shall be such as may be just, having regard to paragraph (c) above and to the contingencies affecting the annuity; and
  - (e) where both the term of the annuity and the amount of any annuity payment depend on any contingency other than the duration of a human life or lives, that proportion shall be such as may be just, having regard to subsection (2) above and to the contingencies affecting the annuity.
- (4) <sup>M23</sup>For the purposes of subsection (3) above—
- (a) any entire consideration given for the grant of an annuity and for some other matter shall be apportioned as appears just (but so that a right to a return of

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- premiums or other consideration for an annuity shall not be treated for this purpose as a distinct matter from the annuity);
- (b) where it appears that the amount or value of the consideration purporting to be given for the grant of an annuity has affected, or has been affected by, the consideration given for some other matter, the aggregate amount or value of those considerations shall be treated as one entire consideration given for both and shall be apportioned under paragraph (a) above accordingly; and
- (c) the actuarial value of any annuity payments shall be taken to be their value as at the date when the first of those payments begins to accrue, that value being determined by reference to the prescribed tables of mortality and without discounting any payment for the time to elapse between that date and the date it is to be made.
- (5) Where a person making a payment on account of any life annuity has been notified in the prescribed manner of any decision as to its being or not being a purchased life annuity to which this section applies or as to the amount of the capital element (if any), and has not been notified of any alteration of that decision, the notice shall be conclusive as to those matters for the purpose of determining the amount of income tax which [<sup>F159</sup>the person] is entitled or required to deduct from the payment, or for which [<sup>F159</sup>the person] is chargeable in respect of it.
- (6) Where a person making a payment on account of a purchased life annuity to which this section applies has not been notified in the prescribed manner of the amount of the capital element, the amount of income tax which [<sup>F159</sup>the person] is entitled or required to deduct from the payment, or for which [<sup>F159</sup>the person] is chargeable in respect of it, shall be the same as if the annuity were not a purchased life annuity to which this section applies.
- [<sup>F160</sup>(7) In using the prescribed tables of mortality to determine—
- (a) the expected term of an annuity for the purposes of subsection (2)(a) above, or
- (b) the actuarial value of any annuity payments for the purposes of subsection (4)(c) above,
- the age, as at the date when the first of the annuity payments begins to accrue, of a person during whose life the annuity is payable shall be taken to be the number of years of his age at his last birthday preceding that date.
- (8) In any case where it is not possible to determine the expected term of an annuity for the purposes of subsection (2)(a) above by reference to the prescribed tables of mortality, that term shall for those purposes be such period as may be certified by the Government Actuary or the Deputy Government Actuary.
- (9) In any case where it is not possible to determine the actuarial value of any annuity payments for the purposes of subsection (4)(c) above by reference to the prescribed tables of mortality, that value shall for those purposes be such amount as may be certified by the Government Actuary or the Deputy Government Actuary.]

#### Textual Amendments

**F157** Words in s. 656(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 268(2)(a)** (with Sch. 2)

**F158** Words in s. 656(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 268(2)(b)** (with Sch. 2)

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- F159** Words in s. 656(5)(6) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 268\(3\)](#) (with [Sch. 2](#))
- F160** S. 656(7)-(9) inserted (retrospectively) by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), [s. 76\(1\)](#)

#### Marginal Citations

- M19** Source-1970 s.230(1)
- M20** Source-1970 s.230(2A); 1970(F) Sch.4 8
- M21** Source-1970 s.230(2)(a)-(c)
- M22** Source-1970 s.230(2)(d), (2A); 1970(F) Sch.4 8
- M23** Source-1970 s.230(3)-(5)

### 657 Purchased life annuities to which section 656 applies.

<sup>M24</sup>(1) For the purposes of section 656—

“life annuity” means an annuity payable for a term ending with (or at a time ascertainable only by reference to) the end of a human life, whether or not there is provision for the annuity to end during the life on the expiration of a fixed term or on the happening of any event or otherwise, or to continue after the end of the life in particular circumstances; and

“purchased life annuity” means a life annuity granted for consideration in money or money’s worth in the ordinary course of a business of granting annuities on human life.

(2) Section 656 does not apply—

- (a) to any annuity which would, apart from that section, be treated for the purposes of the provisions of the [<sup>F161</sup>Corporation Tax Acts] relating to tax on annuities and other annual payments as consisting to any extent in the payment or repayment of a capital sum;
- (b) to any annuity where the whole or part of the consideration for the grant of the annuity consisted of sums satisfying the conditions for relief under section [<sup>F162</sup>266 or 273;]
- (c) to any annuity purchased in pursuance of any direction in a will, or to provide for an annuity payable by virtue of a will or settlement out of income of property disposed of by the will or settlement (whether with or without resort to capital);
- [<sup>F163</sup>(d) to any annuity under, or purchased with sums or assets held for the purposes of, a registered pension scheme; or
- (e) to any annuity purchased by any person in recognition of another’s services (or past services) in any office or employment.]

#### Textual Amendments

- F161** Words in s. 657(2)(a) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 269](#) (with [Sch. 2](#))
- F162** Words in s. 657(2)(b) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 27\(2\)](#) (with [Sch. 36](#))
- F163** S. 657(2)(d)(e) substituted for s. 657(2)(d)-(f) (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 27\(3\)](#) (with [Sch. 36](#))

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### Marginal Citations

**M24** Source-1970 s.230(6), (7); 1978 s.26(4); 1987 (No.2), s.41(3)

## 658 Supplementary.

- <sup>M25</sup>(1) Any question whether an annuity is a purchased life annuity to which section 656 applies, or what is the capital element in such an annuity, shall be determined by the inspector; but a person aggrieved by the inspector's decision on any such question may appeal within the prescribed time to the Special Commissioners.
- (2) Save as otherwise provided in this Chapter, the procedure to be adopted in giving effect to this Chapter shall be such as may be prescribed.
- (3) The Board may make regulations for prescribing anything which is to be prescribed under this Chapter, and the regulations may apply for the purposes of this Chapter or of the regulations any provision of the Income Tax Acts, with or without modifications.
- (4) Regulations under subsection (3) above may in particular make provision as to the time limit for making any claim for relief from or repayment of tax under this Chapter and as to all or any of the following matters, that is to say—
- (a) as to the information to be furnished in connection with the determination of any question whether an annuity is a purchased life annuity to which section 656 applies or what is the capital element in an annuity, and as to the persons who may be required to furnish any such information;
  - (b) as to the manner of giving effect to the decision on any such question, and (notwithstanding anything in section 348) as to the making of assessments for the purpose on the person entitled to the annuity; and
  - (c) as to the extent to which the decision on any such question is to be binding, and the circumstances in which it may be reviewed.
- (5) [<sup>F164</sup>Any person who], for the purpose of obtaining <sup>F165</sup> . . . any relief from or repayment of tax under this Chapter, knowingly makes any false statement or false representation <sup>F165</sup> . . . shall be liable to a penalty not exceeding [<sup>F166</sup>£3,000].
- [<sup>F167</sup>(6) It does not matter for whom that relief or repayment is to be obtained.]

### Textual Amendments

- F164** Words in s. 658(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 270(2)(a)** (with Sch. 2)
- F165** Words in s. 658(5) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 270(2)(b)**, **Sch. 3** (with Sch. 2)
- F166** 1989 s.170(4)(c) *in relation to things done or omitted to be done on or after 27 July 1989. Previously “£500”.*
- F167** S. 658(6) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 270(3)** (with Sch. 2)

### Modifications etc. (not altering text)

- C4** For regulations see Part III Vol.5 (under “Life annuities, purchased”).

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**Marginal Citations**

M25 Source-1970 s.231

**CHAPTER VI**

**MISCELLANEOUS**

[<sup>F168</sup>**658A**Charges and assessments on administrators.

<sup>F169</sup> .....

**Textual Amendments**

**F168** S. 658A inserted (retrospectively) by [Finance Act 1998 \(c. 36\), s. 98\(1\)](#)

**F169** S. 658A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

<sup>F170</sup>**659** Financial futures and traded options.

.....

**Textual Amendments**

**F170** S. 659 repealed (with effect in accordance with s. 81(7)(8) of the repealing Act) by [Finance Act 1990 \(c. 29\), s. 81\(4\), Sch. 19 Pt. 4](#), Note 9

[<sup>F171</sup>**659A**Futures and options.

- (1) For the purposes of sections <sup>F172</sup>... 613(4), 614(3) and (4) <sup>F172</sup>... —
- (a) “investments” (or “investment”) includes futures contracts and options contracts, and
  - (b) income derived from transactions relating to such contracts shall be regarded as income derived from (or income from) such contracts.

<sup>F172</sup> .....

- (2) For the purposes of subsection (1) above a contract is not prevented from being a futures contract or an options contract by the fact that any party is or may be entitled to receive or liable to make, or entitled to receive and liable to make, only a payment of a sum (as opposed to a transfer of assets other than money) in full settlement of all obligations.]

**Textual Amendments**

**F171** S. 659A inserted (with effect in accordance with s. 81(5) of the amending Act) by [Finance Act 1990 \(c. 29\), s. 81\(2\)](#)

**F172** Words in s. 659A(1) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)



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**[<sup>F173</sup>659B] Definition of insurance company.**

<sup>F174</sup> .....

**Textual Amendments**

**F173** Ss. 659B, 659C inserted (with effect in accordance with s. 60 of the amending Act) by [Finance Act 1995 \(c. 4\), s. 59\(5\)](#)

**F174** Ss. 659B-659D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

**659C Effect of appointment or arrangements under section 659B.**

<sup>F175</sup> .....]

**Textual Amendments**

**F173** Ss. 659B, 659C inserted (with effect in accordance with s. 60 of the amending Act) by [Finance Act 1995 \(c. 4\), s. 59\(5\)](#)

**F175** Ss. 659B-659D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

**[<sup>F176</sup>659D] Interpretation of provisions about pension sharing.**

<sup>F177</sup> .....]

**Textual Amendments**

**F176** S. 659D inserted (27.7.1999) by [Finance Act 1999 \(c. 16\), Sch. 10 para. 17](#)

**F177** Ss. 659B-659D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

**[<sup>F178</sup>659E] Treatment of income from property investment LLPs**

(1) The exemptions specified below do not apply to income derived from investments, deposits or other property held as a member of a property investment LLP.

(2) The exemptions are those provided by—

<sup>F179</sup> .....  
<sup>F179</sup> .....  
 section 613(4) (Parliamentary pension funds),  
 section 614(3) (certain colonial, &c. pension funds),  
 section 614(4) (the Overseas Service Pension Fund),  
 section 614(5) (other pension funds for overseas employees),  
<sup>F179</sup> .....  
<sup>F179</sup> .....

(3) The income to which subsection (1) above applies includes relevant stock lending fees, in relation to any investments, to which any of the provisions listed in subsection (2) above would apply by virtue of section 129B.

(4) Section 659A (treatment of futures and options) applies for the purposes of subsection (1) above.]



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**Textual Amendments**

**F178** S. 659E inserted (6.4.2001) by Finance Act 2001 (c. 9), s. 76(2), **Sch. 25 para. 2**

**F179** S. 659E(2): entries repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

**Status:**

Point in time view as at 06/04/2006.

**Changes to legislation:**

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