



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XIV **U.K.**

PENSION SCHEMES, SOCIAL SECURITY BENEFITS, LIFE ANNUITIES ETC.

CHAPTER IV **U.K.**

PERSONAL PENSION SCHEMES

Preliminary

630 Interpretation. **U.K.**

^{M1}In this Chapter—

“approved”—

- (a) in relation to a scheme, means approved by the Board under this Chapter; and
- (b) in relation to arrangements, means made in accordance with a scheme which is for the time being, and was when the arrangements were made, an approved scheme;

but does not refer to cases in which approval has been withdrawn;

“authorised insurance company” means either—

- (a) a person authorised under section 3 or 4 of the ^{M2}Insurance Companies Act 1982 to carry on long term business and acting through a branch or office in the United Kingdom; or
- (b) a society registered as a friendly society under the ^{M3}Friendly Societies Act 1974 or the ^{M4}Friendly Societies Act (Northern Ireland) 1970;

“member”, in relation to a personal pension scheme, means an individual who makes arrangements in accordance with the scheme;

“personal pension arrangements” means arrangements made by an individual in accordance with a personal pension scheme;

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“personal pension scheme” means a scheme whose sole purpose is the provision of annuities or lump sums under arrangements made by individuals in accordance with the scheme;

“scheme administrator” means the person referred to in section 638(1).

[^{F1} and references to an employee or to an employer include references to the holder of an office or to the person under whom an office is held.]

Textual Amendments

F1 1988(F) s.55(1)—*from 1 July 1988.*

Marginal Citations

M1 Source-1987 (No.2) s.18

M2 1982 c. 50.

M3 1974 c. 46.

M4 1970 c. 31 (N.I.).

631 Approval of schemes. **U.K.**

- ^{M5}(1) An application to the Board for their approval of a personal pension scheme shall be in such form, shall contain such information, and shall be accompanied by such documents, in such form, as the Board may prescribe.
- (2) The Board may at their discretion grant or refuse an application for approval of a personal pension scheme, but their discretion shall be subject to the restrictions set out in sections 632 to 638.
- (3) The Board shall give notice to the applicant of the grant or refusal of an application; and in the case of a refusal the notice shall state the grounds for the refusal.
- (4) If an amendment is made to an approved scheme without being approved by the Board, their approval of the scheme shall cease to have effect.

Modifications etc. (not altering text)

C1 See S.I. 1987 No.1765 (in Part III Vol.5) for regulations governing the provisional approval of schemes where application is made before 10 August 1989.

Marginal Citations

M5 Source-1987 (No.2) s.19

VALID FROM 28/07/2000

[^{F2}631A Conversion of certain approved retirement benefits schemes. **U.K.**

Schedule 23ZA to this Act (which makes provision for or in connection with the conversion of certain retirement benefits schemes approved under Chapter I of this Part into personal pension schemes approved under this Chapter) shall have effect.]

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Textual Amendments

F2 S. 631A inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 7](#) (with [Sch. 13 Pt. 2](#))

Restrictions on approval

632 Establishment of schemes. [U.K.](#)

^{M6}(1) The Board shall not approve a personal pension scheme established by any person other than—

- (a) a person who is authorised under Chapter III of Part I of the ^{M7}Financial Services Act 1986 to carry on investment business and who carries on business of a kind mentioned in subsection (2) below;
- (b) a building society within the meaning of the ^{M8}Building Societies Act 1986;
- ^{F3}(bb) a pension company within the meaning of the ^{M9}Building Societies (Designation of Pension Companies) Order 1987 which is an associate of a building society within the meaning of section 18(17) of the Building Societies Act 1986;]
- (c) an institution authorised under the ^{M10}Banking Act 1987;
- ^{F3}(cc) a body corporate which is a subsidiary or holding company of an institution authorised under the Banking Act 1987, or is a subsidiary of the holding company of such an institution;]
- (d) a recognised bank or licensed institution within the meaning of the ^{M11}Banking Act 1979.

(2) The kinds of business referred to in subsection (1)(a) above are—

- (a) issuing insurance policies or annuity contracts;
- (b) managing unit trust schemes authorised under section 78(1) of the Financial Services Act 1986.

^{F4}(2A) In subsection 1(cc) above “holding company” and “subsidiary” are to be construed in accordance with section 736 of the ^{M12}Companies Act 1985 or Article 4 of the ^{M13}Companies (Northern Ireland) Order 1986.]

(3) Subsection (1) above shall not apply in relation to a scheme approved by the Board by virtue of section 620(5) if it was established before ^{F5}[1st July] 1988.

(4) The Treasury may by order amend this section as it has effect for the time being.

Textual Amendments

F3 [S.I. 1988 No.993](#)

F4 [S.I. 1988 No.993](#)

F5 1988(F) s.54(2)(a)—*deemed always to have had effect. Previously “4th January”.*

Marginal Citations

M6 [Source-1987 \(No.2\) s.20](#)

M7 [1986 c. 60.](#)

M8 [1986 c. 53.](#)

M9 [S.I. 1987 No.1871](#)

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- M10** 1987 c. 22.
- M11** 1979 c. 37.
- M12** 1985 c.6
- M13** S.I. 1986 No.1032.

VALID FROM 28/07/2000

[^{F6}632A Eligibility to make contributions. U.K.]

- (1) The Board shall not approve a personal pension scheme if it permits, in relation to arrangements made by a member in accordance with the scheme, the acceptance of—
 - (a) contributions by the member, or
 - (b) contributions by an employer of the member,
 at a time when the member is not eligible to make contributions.
- (2) The Board shall not approve a personal pension scheme unless it makes provision for ensuring, in relation to any such arrangements, that any contributions accepted at a time when the member is not eligible to make contributions are repaid—
 - (a) to the member, to the extent of his contributions; and
 - (b) as to the remainder, to his employer.
- (3) The following provisions of this section, and the provisions of section 632B, have effect for determining for the purposes of subsections (1) and (2) above the times at which a member is eligible to make contributions (and, for those purposes, a member is not eligible to make contributions at any other time).
- (4) A member is eligible to make contributions at any time during a year of assessment for which he has actual net relevant earnings.
- (5) A member who does not have actual net relevant earnings for a year of assessment (“the relevant year”) is eligible to make contributions at any time during that year if—
 - (a) for at least some part of the year he does not hold an office or employment to which section 645 applies; and
 - (b) the condition in any of subsections (6) to (9) below is satisfied.
- (6) Condition A is that at some time in the relevant year the member is resident and ordinarily resident in the United Kingdom.
- (7) Condition B is that the member—
 - (a) at some time during the five years of assessment preceding the relevant year, has been resident and ordinarily resident in the United Kingdom; and
 - (b) was resident and ordinarily resident in the United Kingdom when he made the personal pension arrangements in question.
- (8) Condition C is that at some time in the relevant year the member is a person who performs duties which, by virtue of section 132(4)(a), are treated as being performed in the United Kingdom.
- (9) Condition D is that at some time in the relevant year the member is the spouse of a person who performs such duties as are mentioned in subsection (8) above.]

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Textual Amendments

F6 Ss. 632A, 632B inserted (6.4.2001) by Finance Act 2000 (c. 17), Sch. 13 para. 8 (with Sch. 13 Pt. 2)

VALID FROM 28/07/2000

[^{F6}632B Eligibility to make contributions: concurrent membership. U.K.]

- (1) A member who would not, apart from this section, be eligible to make contributions during a year of assessment shall be eligible to make contributions at any time during that year if—
 - (a) throughout the year he holds an office or employment to which section 645 applies;
 - (b) the condition in any of subsections (6) to (9) of section 632A is satisfied in his case as respects the year;
 - (c) he is not, and has not been, a controlling director of a company at any time in the year or in any of the five years of assessment preceding it;
 - (d) for at least one of the five years of assessment preceding the year, the aggregate of his grossed-up remuneration from each office and each employment held on 5th April in that preceding year does not exceed the remuneration limit for the relevant year; and
 - (e) the total relevant contributions made in the year do not exceed the earnings threshold for the year.
- (2) For the purposes of paragraphs (c) and (d) of subsection (1) above, no account shall be taken of any year of assessment earlier than the year 2000-01.
- (3) For the purposes of paragraph (c) of subsection (1) above, a person is a controlling director of a company at any time if at that time—
 - (a) he is a director, as defined by section 612(1); and
 - (b) he is within paragraph (b) of section 417(5) in relation to the company.
- (4) For the purposes of paragraph (d) of subsection (1) above—
 - (a) “grossed up”, in relation to a person’s remuneration from an office or employment, means increased by being multiplied by a figure determined in accordance with an order made by the Treasury (or left unchanged, if that figure is unity);
 - (b) “remuneration” shall be construed in accordance with an order made by the Treasury;
 - (c) “the remuneration limit” for any year of assessment is £30,000;
 - (d) “the relevant year” means the year of assessment first mentioned in subsection (1) above.

The Treasury may by order amend the definition of “the remuneration limit” in paragraph (c) above for any year of assessment by varying the amount there specified.

- (5) For the purposes of paragraph (e) of subsection (1) above and the following provisions of this section, “the total relevant contributions”, in the case of a year of assessment, means the aggregate amount of the contributions made in the year—

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- (a) by the member in question, and
 (b) by any employer of his,
 under arrangements made by the member under the scheme in question, together with the aggregate amounts of such contributions under other approved personal pension arrangements made by that member.
- (6) If—
 (a) in the case of a member, the total relevant contributions in a year of assessment, apart from this subsection, exceed the earnings threshold for the year, and
 (b) but for that, the member would be eligible to make contributions by virtue of subsection (1) above at any time in that year,
 the repayment required by subsection (2) of section 632A is repayment of the relevant excess contributions only (so that the condition in subsection (1)(e) above becomes satisfied).
- (7) In subsection (6) above “the relevant excess contributions” means—
 (a) to the extent that a contribution is the first which caused the total relevant contributions in the year to exceed the earnings threshold for the year, that contribution; and
 (b) all subsequent contributions in the year.
- (8) The Treasury may by order make provision requiring any person who claims to be eligible to make contributions by virtue of this section to provide to—
 (a) the Board,
 (b) an officer of the Board, or
 (c) the scheme administrator of the personal pension scheme concerned,
 such declarations, certificates or other evidence in support of the claim as may be specified or described in, or determined in accordance with, the order.
- (9) A person shall only be eligible to make contributions by virtue of this section in a year of assessment if he complies with any requirements imposed by order under subsection (8) above.]

Textual Amendments

F6 Ss. 632A, 632B inserted (6.4.2001) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 8](#) (with [Sch. 13 Pt. 2](#))

Modifications etc. (not altering text)

C2 [S. 632B\(4\)\(a\)](#) modified (6.4.2001 in accordance with art. 1(1) of the modifying S.I.) by [The Personal Pension Schemes \(Concurrent Membership\) Order 2000 \(S.I. 2000/2318\)](#), [art. 3\(1\)](#)

633 Scope of benefits. **U.K.**

^{M14}(1) The Board shall not approve a personal pension scheme which makes provision for any benefit other than—

- (a) the payment of an annuity satisfying the conditions in section 634;
 (b) the payment to a member of a lump sum satisfying the conditions in section 635;

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- (c) the payment after the death of a member of an annuity satisfying the conditions in section 636;
 - (d) the payment on the death of a member of a lump sum satisfying either the conditions in section 637(1) or those in section 637(2).
- (2) Subsection (1) above shall not prevent the approval of a scheme which makes provision for insurance against a risk relating to the non-payment of contributions.

Marginal Citations

M14 Source-1987 (No.2) s.21

634 Annuity to member. **U.K.**

- ^{M15}(1) The annuity must be payable by an authorised insurance company which may be chosen by the member.
- (2) Subject to subsection (3) below, the annuity must not commence before the member attains the age of 50 or after he attains the age of 75.
- (3) The annuity may commence before the member attains the age of 50 if—
- (a) it is payable on his becoming incapable through infirmity of body or mind of carrying on his own occupation or any occupation of a similar nature for which he is trained or fitted; or
 - (b) the Board are satisfied that his occupation is one in which persons customarily retire before that age.
- (4) Subject to subsection (5) below, the annuity must be payable to the member for his life.
- (5) The annuity may continue for a term certain not exceeding ten years, notwithstanding the member's death within that term; and for this purpose an annuity shall be regarded as payable for a term certain notwithstanding that it may terminate, after the death of the member and before expiry of that term, on the happening of any of the following—
- (a) the marriage of the annuitant;
 - (b) his attaining the age of 18;
 - (c) the later of his attaining that age and ceasing to be in full-time education.
- (6) The annuity must not be capable of assignment or surrender, except that an annuity for a term certain may be assigned by will or by the annuitant's personal representatives in the distribution of his estate so as to give effect to a testamentary disposition, or to the rights of those entitled on an intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.

Marginal Citations

M15 Source-1987 (No.2) s.22

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VALID FROM 01/05/1995

[^{F7}634A Income withdrawals by member. U.K.]

- (1) Where a member elects to defer the purchase of an annuity such as is mentioned in section 634, income withdrawals may be made by him during the period of deferral, subject as follows.
- (2) Income withdrawals must not be made before the member attains the age of 50, unless—
 - (a) they are available on his becoming incapable through infirmity of body or mind of carrying on his own occupation or any occupation of a similar nature for which he is trained or fitted, or
 - (b) the Board are satisfied that his occupation is one in which persons customarily retire before that age.
- (3) Income withdrawals must not be made after the member attains the age of 75.
- (4) The aggregate amount of income withdrawals by a member in each successive period of twelve months beginning with his pension date must be not less than 35 per cent. or more than 100 per cent. of the annual amount of the annuity which would have been purchasable by him on the relevant reference date.
- (5) For the purposes of this section the relevant reference date for the first three years is the member's pension date, and for each succeeding period of three years is the first day of that period.
- (6) The right to income withdrawals must not be capable of assignment or surrender.]

Textual Amendments

F7 S. 634A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 4](#)

635 Lump sum to member. U.K.]

- ^{M16}(1) The lump sum must be payable only if the member so elects on or before the date on which an annuity satisfying the conditions in section 634 is first payable to him under the arrangements made in accordance with the scheme.
- (2) The lump sum must be payable when that annuity is first payable.
- ^{F8}(3) The lump sum must not exceed one quarter of the difference between—
 - (a) the total value, at the time when the lump sum is paid, of the benefits provided for by the arrangements made by the member in accordance with the scheme, and
 - (b) the value, at that time, of such of the member's rights under the scheme as are protected rights for the purposes of the Social Security Act 1986 or the Social Security (Northern Ireland) Order 1986.]
- (4) *The lump sum must not exceed £150,000 or such other sum as may for the time being be specified in an order made by the Treasury^{F9}.*

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(5) The right to payment of the lump sum must not be capable of assignment or surrender.

Textual Amendments

- F8** 1989 s.77 and Sch.7 para.2(2) in relation to the approval of a scheme on or after 27 July 1989 but if the scheme came into existence before 27 July 1989 para.2(2) shall not have effect as regards arrangements made by a member in accordance with the scheme before that date. Previously
“(3) The lump sum must not exceed one quarter of the total value, at the time when the lump sum is paid, of the benefits for the member provided for by the arrangements made by him in accordance with the scheme.”.
- F9** Words repealed by 1989 ss.77, 187 and Schs.7 para. 2(3) and 17 Part IV in relation to approvals on or after 27 July 1989.

Marginal Citations

- M16** Source-1987 (No.2) s.23

636 Annuity after death of member. **U.K.**

- ^{M17}(1) The annuity must be payable by an authorised insurance company which may be chosen by the member or by the annuitant.
- (2) The annuity must be payable to the surviving spouse of the member, or to a person who was at the member's death a dependant of his.
- (3) The aggregate annual amount (or, if that amount varies, the aggregate of the initial annual amounts) of all annuities to which this section applies and which are payable under the same personal pension arrangements shall not exceed—
- (a) where before his death the member was in receipt of an annuity under the arrangements, the annual amount (or, if it varied, the highest annual amount) of that annuity; or
 - (b) where paragraph (a) does not apply, the highest annual amount of the annuity that would have been payable under the arrangements to the member (ignoring any entitlement of his to commute part of it for a lump sum) if it had vested on the day before his death.
- (4) Subject to subsections (5) to (9) below, the annuity must be payable for the life of the annuitant.
- (5) Where the annuity is payable to the surviving spouse of the member and at the time of the member's death the surviving spouse is under the age of 60, the annuity may be deferred to a time not later than—
- (a) the time when the surviving spouse attains that age; or
 - (b) where the member's annuity is payable to the surviving spouse for a term certain as mentioned in section 634(5) and the surviving spouse attains the age of 60 before the time when the member's annuity terminates, that time.
- (6) The annuity may cease to be payable on the marriage of the annuitant.
- (7) Where the annuity is payable to the surviving spouse of the member, it may cease before the death of the surviving spouse if—

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- (a) the member was survived by one or more dependants under the age of 18 and at the time of the member's death the surviving spouse was under the age of 45; and
 - (b) at some time before the surviving spouse attains that age no such dependant remains under the age of 18.
- (8) Where the annuity is payable to a person who is under the age of 18 when it is first payable, it must cease to be payable either—
- (a) on his attaining that age; or
 - (b) on the later of his attaining that age and ceasing to be in full-time education, unless he was a dependant of the member otherwise than by reason only that he was under the age of 18.
- (9) The annuity may continue for a term certain not exceeding ten years, notwithstanding the original annuitant's death within that term; and for this purpose an annuity shall be regarded as payable for a term certain notwithstanding that it may terminate, after the death of the original annuitant and before the expiry of that term, on the happening of any of the following—
- (a) the marriage of the annuitant to whom it is payable;
 - (b) his attaining the age of 18;
 - (c) the later of his attaining that age and ceasing to be in full-time education.
- (10) The annuity must not be capable of assignment or surrender, except that an annuity for a term certain may be assigned by will or by the annuitant's personal representatives in the distribution of his estate so as to give effect to a testamentary disposition, or to the rights of those entitled on an intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.

Marginal Citations

M17 Source-1987 (No.2) s.24

VALID FROM 01/05/1995

^{F10}636A Income withdrawals after death of member. U.K.

- (1) Where a person entitled to such an annuity as is mentioned in section 636 elects to defer the purchase of the annuity, income withdrawals may be made by him during the period of deferral, subject as follows.
- (2) No such deferral may be made, and accordingly income withdrawals may not be made, if the person concerned elects in accordance with section 636(5)(a) to defer the purchase of an annuity.
- (3) Income withdrawals must not be made after the person concerned if he had purchased such an annuity as is mentioned in section 636 would have ceased to be entitled to payments under it.
- (4) Income withdrawals must not in any event be made after the member would have attained the age of 75 or, if earlier, after the person concerned attains the age of 75.

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- (5) The aggregate amount of income withdrawals by a person in each successive period of twelve months beginning with the date of the member's death must be not less than 35 per cent. or more than 100 per cent. of the annual amount of the annuity which would have been purchasable by him on the relevant reference date.
- (6) For the purposes of this section the relevant reference date for the first three years is the date of the member's death, and for each succeeding period of three years is the first day of that period.
- (7) The right to income withdrawals must not be capable of assignment or surrender.]

Textual Amendments

F10 S. 636A inserted (1.5.1995) by Finance Act 1995 (c. 4), Sch. 11 para. 7

637 Lump sum on death of member. **U.K.**

- (1) ^{M18}The lump sum—
 - (a) must be payable by an authorised insurance company; and
 - (b) must be payable on the death of the member before he attains the age of 75.
- (2) ^{M19}The lump sum—
 - (a) must be payable only if no annuity satisfying the conditions in either section 634 or section 636 has become payable; and
 - (b) subject to subsection (3) below, must represent no more than the return of contributions together with reasonable interest on contributions or bonuses out of profits.
- (3) To the extent that contributions are invested in units under a unit trust scheme, the lump sum referred to in subsection (2) above may represent the sale or redemption price of the units.

Marginal Citations

M18 Source-1987 (No.2) s.25

M19 Source-1987 (No.2) s.26

VALID FROM 01/05/1995

[^{F11}637A Return of contributions on or after death of member. **U.K.**

- (1) The lump sum must be payable on or after the death of the member and represent no more than the return of contributions together with reasonable interest on contributions or bonuses out of profits, after allowing for any income withdrawals.
To the extent that contributions are invested in units under a unit trust scheme, the lump sum may represent the sale or redemption price of the units.
- (2) The lump sum must be payable only if—

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- (a) no annuity has been purchased by the member under the arrangements in question,
 - (b) no such annuity as is mentioned in section 636 has been purchased by the person to whom the payment is made, and
 - (c) the person to whom the payment is made has not elected in accordance with subsection (5)(a) of section 636 to defer the purchase of such an annuity as is mentioned in that section.
- (3) Where the member's death occurs after the date which is his pension date in relation to the arrangements in question, the lump sum must be payable not later than two years after the death.]

Textual Amendments

F11 Ss. 637, 637A substituted for s. 637 (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 8](#)

638 Other restrictions on approval. **U.K.**

- (1) ^{M20}The Board shall not approve a personal pension scheme unless they are satisfied that there is a person resident in the United Kingdom who will be responsible for the management of the scheme.
- (2) The Board shall not approve a personal pension scheme unless it makes such provision for the making, acceptance and application of transfer payments as satisfies any requirements imposed by or under regulations made by the Board.
- (3) ^{M21}The Board shall not approve a personal pension scheme unless it makes provision, in relation to arrangements made in accordance with the scheme, for ensuring that—
- (a) the aggregate amount of the contributions that may be made in a year of assessment by the member and an employer of his under the arrangements, together with the aggregate amounts of such contributions under other approved personal pension arrangements made by that member, does not exceed the permitted maximum for that year; and
 - (b) any excess is repaid to the member of the extent of his contributions and otherwise to his employer.
- (4) In subsection (3) above “the permitted maximum” for a year of assessment means an amount equal to the aggregate of—
- (a) the relevant percentage of the member's net relevant earnings for the year; and
 - (b) so much of any relief given under section 639(1) for that year as is given by virtue of section 642;
- and references in subsection (3) to contributions by the member do not include references to contributions treated by virtue of section 649(3) as paid by him.
- (5) In subsection (4) above “the relevant percentage” means 17.5 per cent. or, in a case where section 640(2) applies, the relevant percentage there specified.
- (6) ^{M22}The Board shall not approve a personal pension scheme which permits the acceptance of contributions other than—
- (a) contributions by members;
 - (b) contributions by employers of members;

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- (c) minimum contributions paid by the Secretary of State under Part I of the ^{M23}Social Security Act 1986 or by the Department of Health and Social Services for Northern Ireland under Part II of the ^{M24}Social Security (Northern Ireland) Order 1986.

[^{F12}(7) The Board shall not approve a personal pension scheme which permits the acceptance of minimum contributions paid as mentioned in subsection (6)(c) above in respect of an individual's service as director of a company, if his emoluments as such are within section 644(5).

(8) A personal pension scheme which permits the acceptance of minimum contributions paid as mentioned in subsection (6)(c) above in respect of an individual's service in an office or employment to which section 645 applies may be approved by the Board only if—

- (a) the scheme does not permit the acceptance of contributions from the individual or from the person who is his employer in relation to that office or employment; or
- (b) at the time when the minimum contributions are paid the individual is not serving in an office or employment to which section 645 applies.]

Textual Amendments

F12 1988(F) s.55(2)—*from 1 July 1988. Previously*

“(7) The Board shall not approve a personal pension scheme which permits the acceptance of minimum contributions paid as mentioned in subsection (6)(c) above in respect of an individual's service—(a) as director of the company, if his emoluments as such are within section 644(5); or (b) in an office or employment to which section 645 applies.”.

Modifications etc. (not altering text)

C3 *For regulations see Part III Vol.5 (under “Personal pension schemes”).*

Marginal Citations

M20 Source-1987 (No.2) s.27

M21 Source-1987 (No.2) s.29

M22 Source-1987 (No.2) s.30

M23 1986 c.50.

M24 S.I. 1986/1888 (N.I. 18).

VALID FROM 28/07/2000

[^{F13}~~638Z~~ **Personal pension arrangements with more than one pension date etc.** **U.K.**

(1) This section applies where a personal pension scheme makes provision for a personal pension arrangement under the scheme to make provision—

- (a) for the payment of more than one annuity satisfying the conditions in section 634 or 636 (a “qualifying annuity”) and for different such annuities to commence, or be capable of commencing, on different days;

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- (b) for elections such as are mentioned in section 634A(1) or 636A(1) (“elections for deferral”) to be capable of being made at different times in relation to different portions of the personal pension fund; and
 - (c) for a qualifying lump sum to be payable in connection with—
 - (i) each qualifying annuity (other than one purchased pursuant to section 634A, 636 or 636A); and
 - (ii) each election for deferral such as is mentioned in section 634A(1).
- (2) The Board shall not refuse to approve a personal pension scheme by reason only that it makes such provision as is mentioned in subsection (1) above if they are satisfied that it makes provision in conformity with the provisions of this section.
- (3) In this section—
- “income withdrawal fund” means a portion of the personal pension fund which is specified or described in an election for deferral as the portion of that fund to which the election relates;
 - “qualifying lump sum” means a lump sum satisfying the conditions of section 635 (as that section has effect by virtue of and in accordance with this section);
 - “the relevant date”, in relation to any qualifying annuity or election for deferral, means the date determined in accordance with the arrangement on which—
 - (a) the qualifying annuity commences; or
 - (b) the member makes the election for deferral.
- (4) In the application of section 635 in relation to a qualifying lump sum, for the condition in subsection (3) there shall be substituted the conditions in subsections (5) and (6) below (as read with subsection (7) below).
- (5) The first condition is that the lump sum must not exceed one-third of—
- (a) the difference between—
 - (i) the value of the portion of the personal pension fund applied in the provision of the qualifying annuity in connection with which the lump sum is paid, determined as at the date on which that portion is so applied, and
 - (ii) the value, determined as at that date, of so much of that portion as represents protected rights, or
 - (b) the value, as at the relevant date, of the income withdrawal fund which relates to the election for deferral in connection with it is paid,
- as the case may be.
- (6) The second condition is that the lump sum must not represent any of the value, at the time when the lump sum is paid, of any protected rights.
- (7) In subsections (5) and (6) above, “protected rights” means any of the member’s rights under the personal pension arrangement which are protected rights for the purposes of the ^{M25}Pension Schemes Act 1993 or the ^{M26}Pension Schemes (Northern Ireland) Act 1993.
- (8) Where a qualifying annuity commences, this Chapter and the personal pension scheme concerned shall have effect, as from the relevant date, as if there had been a separate personal pension arrangement and—

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- (a) the annuity, and any qualifying lump sum payable in connection with it, were benefits provided for by that separate arrangement (instead of by the personal pension arrangement by which it was actually provided (in this subsection referred to as “the relevant arrangement”));
 - (b) the portion of the personal pension fund applied in the provision of the annuity, together with the amount of any qualifying lump sum payable in connection with the annuity, had been the personal pension fund in the case of that separate arrangement (and were excluded from the personal pension fund in the case of the relevant arrangement);
 - (c) any election for the annuity, or for such a qualifying lump sum, had been made under that separate arrangement (instead of under the relevant arrangement); and
 - (d) except in the case of an annuity satisfying the conditions in section 636, the relevant date were the pension date in relation to that separate arrangement (and were not, by reference to that annuity, the pension date in relation to the relevant arrangement).
- (9) Where, in the case of any personal pension arrangement (in this subsection referred to as “the relevant arrangement”), an election for deferral is made, this Chapter and the personal pension scheme concerned shall have effect, as from the relevant date, as if there had been, and continued to be, a separate personal pension arrangement and—
- (a) the income withdrawal fund which relates to the election, together with the amount of any qualifying lump sum payable in connection with the election, had been the personal pension fund in the case of that separate arrangement (and were excluded from the personal pension fund in the case of the relevant arrangement);
 - (b) the election for deferral, and any election for such a qualifying lump sum, had been made under that separate arrangement (instead of under the relevant arrangement);
 - (c) the election for deferral had been made in respect of the whole of the income withdrawal fund which relates to the election; and
 - (d) except in the case of an election such as is mentioned in section 636A(1), the relevant date were the pension date in relation to that separate arrangement (and were not, by reference to that election, the pension date in relation to the relevant arrangement).]

Textual Amendments

F13 S. 638ZA inserted (6.4.2001) by Finance Act 2000 (c. 17), Sch. 13 para. 14 (with Sch 13 Pt. 2)

Marginal Citations

M25 1993 c. 48.

M26 1993 c. 49.

VALID FROM 31/07/1998

[^{F14}638A Power to prescribe restrictions on approval. **U.K.**

(1) The Board—

Status: Point in time view as at 01/02/1991. This version of this chapter contains provisions that are not valid for this point in time.

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- (a) may by regulations restrict their discretion to approve a personal pension scheme; and
 - (b) shall not approve any such scheme if to do so would be inconsistent with any regulations under this section.
- (2) The restrictions that may be imposed by regulations under this section may be imposed by reference to any one or more of the following, that is to say—
- (a) the benefits for which the scheme provides;
 - (b) the investments held for the purposes of the scheme;
 - (c) the manner in which the scheme is administered;
 - (d) any other circumstances whatever.
- (3) The following provisions of this section apply where—
- (a) any regulations are made under this section imposing a restriction (“the new restriction”) on the Board’s discretion to approve a personal pension scheme;
 - (b) the new restriction did not exist immediately before the making of the regulations; and
 - (c) that restriction is one imposed by reference to circumstances other than the benefits for which the scheme provides.
- (4) Subject to subsections (5) and (6) below, a personal pension scheme which is an approved scheme immediately before the day on which the regulations imposing the new restriction come into force shall cease to be approved at the end of the period of 36 months beginning with that day if, at the end of that period, the scheme—
- (a) contains a provision of a prohibited description, or
 - (b) does not contain every provision which is a provision of a required description.
- (5) The Board may by regulations provide that subsection (4) above is not to apply in the case of the inclusion of such provisions of a prohibited description, or in the case of the omission of such provisions of a required description, as may be specified in the regulations.
- (6) For the purposes of subsection (4) above—
- (a) a provision contained in a scheme shall not be treated as being of a prohibited description to the extent that it authorises the retention of an investment held immediately before the day of the making of the new regulations; and
 - (b) so much of any provision contained in a scheme as authorises the retention of an investment held immediately before that day shall be disregarded in determining if any provision of the scheme is of a required description.
- (7) In this section—
- (a) references to a provision of a prohibited description are references to a provision of a description which, by virtue of the new restriction, is a description of provision which, if contained in a personal pension scheme, would prevent the Board from approving it; and
 - (b) references to a provision of a required description are references to a provision of a description which, by virtue of the new restriction, is a description of provision which must be contained in a personal pension scheme before the Board may approve it.]

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Textual Amendments

F14 S. 638A inserted (31.7.1998) by Finance Act 1998 (c. 36), s. 94(1)

Tax reliefs

639 Member's contributions. **U.K.**

- (1) ^{M27}A contribution paid by an individual under approved personal pension arrangements made by him shall, subject to the provisions of this Chapter, be deducted from or set off against any relevant earnings of his for the year of assessment in which the payment is made.

Except where subsections (2) to (4) below apply, relief under this subsection in respect of a contribution shall be given only on a claim made for the purpose.

- (2) ^{M28}In such cases and subject to such conditions as the Board may prescribe in regulations, relief under subsection (1) above shall be given in accordance with subsections (3) and (4) below.
- (3) An individual who is entitled to such relief in respect of a contribution may deduct from the contribution when he pays it, and may retain, an amount equal to income tax at the basic rate on the contribution.
- (4) The scheme administrator—
- shall accept the amount paid after the deduction in discharge of the individual's liability to the same extent as if the deduction had not been made; and
 - may recover an amount equal to the deduction from the Board.
- (5) Regulations under this section may make provision for carrying subsections (3) and (4) above into effect and, without prejudice to the generality of that, may provide—
- for the manner in which claims for the recovery of a sum under subsection (4) (b) may be made;
 - for the giving of such information, in such form, as may be prescribed by or under the regulations;
 - for the inspection by persons authorised by the Board of books, documents and other records.
- (6) ^{M29}Where relief under this section for any year of assessment is claimed and allowed (whether or not it then falls to be given for that year), and afterwards an assessment, alteration of an assessment, or other adjustment of the claimant's liability to tax is made, there shall also be made such consequential adjustments in the relief allowed or given under this section for that or any subsequent year as are appropriate.
- (7) ^{M30}Where relief under this section is claimed and allowed for any year of assessment in respect of a contribution, relief shall not be given in respect of it under any other provision of the Income Tax Acts for the same or any subsequent year, nor (in the case of a contribution under an annuity contract) in respect of any other premium or consideration for an annuity under the same contract.
- (8) References in the Income Tax Acts to relief in respect of life assurance premiums shall not be taken to include relief under this section.

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Modifications etc. (not altering text)

- C4** For regulations see Part III Vol.5 (under “Personal pension schemes”).

Marginal Citations

- M27** Source-1987 (No.2) s.31, 46
M28 Source-1987 (No.2) s.45
M29 Source-1987 (No.2) s.48
M30 Source-1987 (No.2) s.49

640 Maximum amount of deductions. **U.K.**

^{M31}(1) The maximum amount that may be deducted or set off in any year of assessment by virtue of section 639(1) shall be 17.5 per cent. of the individual’s net relevant earnings for that year.

(2) In the case of an individual whose age at the beginning of the year of assessment is within a range specified in the first column of the following table, subsection (1) above shall have effect with the substitution for 17.5 per cent. of the relevant percentage specified in the second column.

I F15	20 per cent.
36 to 45	
46 to 50	25 per cent.
51 to 55	30 per cent.
56 to 60	35 per cent.
61 or more	40 per cent.]

(3) Without prejudice to subsection (1) above, the maximum amount that may be deducted or set off in any year of assessment in respect of contributions paid by an individual to secure benefits satisfying the conditions in section 637(1) shall be 5 per cent. of the individual’s net relevant earnings for that year.

(4) Where personal pension arrangements are made by an employee whose employer makes contributions under the arrangements, the maximum amount that may be deducted or set off in any year of assessment shall be reduced by the amount of the employer’s contributions in the year.

(5) Any minimum contributions treated by virtue of section 649(3) as paid by the individual in respect of whom they are paid shall be disregarded for the purposes of this section.

Textual Amendments

- F15** 1989 s.77 and Sch.7 para.3 for 1989-90 and subsequent years. Previously “51 to 55—20 per cent., 56 to 60—22.5 per cent., 61 or more—27.5 per cent.”.

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Marginal Citations

M31 Source-1987 (No.2) s.32

[^{F16}640A Earnings cap. U.K.]

- (1) In arriving at an individual's net relevant earnings for a year of assessment for the purposes of section 640 above, any excess of what would be his net relevant earnings for the year (apart from this subsection) over the allowable maximum for the year shall be disregarded.
- (2) In subsection (1) above "the allowable maximum" means, as regards a particular year of assessment, the figure found for that year by virtue of subsections (3) and (4) below.
- (3) For the year of assessment 1989-90 the figure is £60,000.
- (4) For the year of assessment 1990-91 and any subsequent year of assessment the figure is the figure found for that year, for the purposes of section 590C, by virtue of section 590C(4) and (5).]

Textual Amendments

F16 1989 s.77 and Sch.7 para.4 for 1989-90 and subsequent years.

641 Carry-back of contributions. U.K.

- ^{M32}(1) An individual who pays a contribution under approved personal pension arrangements in a year of assessment (whether or not a year for which he has relevant earnings) may elect that the contribution, or part of it, shall be treated as paid—
- (a) in the year of assessment preceding that year; or
 - (b) if he had no net relevant earnings in that preceding year of assessment, in the year of assessment before that.
- (2) Where for any year of assessment an individual—
- (a) has relevant earnings as an underwriting member of Lloyd's or by way of commission calculated by reference to the profits of Lloyd's underwriting business; and
 - (b) there is an amount of unused relief attributable to those earnings,
- the individual may elect that there shall be treated as paid in that year so much of any contributions paid by him under approved personal pension arrangements in the next year of assessment but two as does not exceed the amount of the unused relief.
- (3) Subject to section 655(2), references in subsection (2) above to an amount of unused relief attributable to the earnings mentioned in subsection (2)(a) are to an amount which could have been deducted from or set off against those earnings under section 639(1) if—
- (a) the individual had paid contributions under approved personal pension arrangements in the year of assessment for which he has the earnings; or
 - (b) any such contributions paid by him in that year had been greater.

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- (4) An election under this section must be made not later than three months after the end of the year of assessment in which the contributions treated as paid in another year are actually paid.
- (5) Where an election is made under this section in respect of a contribution or part of a contribution, the other provisions of this Chapter shall have effect as if the contribution or part had been paid in the year specified in the election and not in the year in which it was actually paid.

Marginal Citations

M32 Source-1987 (No.2) s.33

VALID FROM 28/07/2000

^{F17} 641A Election for contributions to be treated as paid in previous year. **U.K.**

- (1) A person who pays a contribution under approved personal pension arrangements on or before the 31st January in any year of assessment may, at or before the time when he pays the contribution, irrevocably elect that the contribution, or part of it, shall be treated as paid in the preceding year of assessment.
- (2) Where an election is made under this section in respect of a contribution or part of a contribution, the other provisions of this Chapter shall have effect as if the contribution or part had been paid in the year specified in the election and not in the year in which it was actually paid.]

Textual Amendments

F17 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)

642 Carry-forward of relief. **U.K.**

^{M33}(1) Where—

- (a) for any year of assessment an individual has relevant earnings from any trade, profession, vocation, office or employment carried on or held by him, and
- (b) there is an amount of unused relief for that year,

relief may be given under section 639(1), up to the amount of the unused relief, in respect of so much of any contributions paid by him under approved personal pension arrangements in any of the next six years of assessment as exceeds the maximum applying for that year under section 640.

- (2) In this section, references to an amount of unused relief for any year are to an amount which could have been deducted from or set off against the individual's relevant earnings for that year under section 639(1) if—
 - (a) the individual had paid contributions under approved personal pension arrangements in that year; or
 - (b) any such contributions paid by him in that year had been greater.

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- (3) Relief by virtue of this section shall be given for an earlier year rather than a later year, the unused relief taken into account in giving relief for any year being deducted from that available for giving relief in subsequent years and unused relief derived from an earlier year being exhausted before unused relief derived from a later year.
- (4) Where a relevant assessment to tax in respect of a year of assessment becomes final and conclusive more than six years after the end of that year and there is an amount of unused relief for that year which results from the making of the assessment—
 - (a) that amount shall not be available for giving relief by virtue of this section for any of the six years following that year; but
 - (b) the individual may, within the period of six months beginning with the date on which the assessment becomes final and conclusive, elect that relief shall be given under section 639(1), up to that amount, in respect of so much of any contributions paid by him under approved personal pension arrangements within that period as exceeds the maximum applying under section 640 for the year of assessment in which they are paid;and to the extent to which relief in respect of any contributions is given by virtue of this subsection it shall not be given by virtue of subsection (1) above.
- (5) In this section “a relevant assessment to tax” means an assessment on the individual’s relevant earnings or on the profits or gains of a partnership from which the individual derives relevant earnings.

Marginal Citations

M33 Source-1987 (No.2) s.34

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

- (1)^{M34} Where contributions are paid by an employer under approved personal pension arrangements made by his employee, those contributions shall not be regarded as emoluments of the employment chargeable to tax under Schedule E.
- (2)^{M35} Income derived by a person from investments or deposits held by him for the purposes of an approved personal pension scheme shall be exempt from income tax.
- (3)^{M36} An annuity payable under approved personal pension arrangements shall be treated as earned income of the annuitant.
- (4) Subsection (3) above applies only in relation to the annuitant to whom the annuity is made payable by the terms of the arrangements.

Marginal Citations

M34 Source-1987 (No.2) s.38

M35 Source-1987 (No.2) s.39(1)

M36 Source-1987 (No.2) s.41(1), (2)

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

- ^{M37}(1) In this Chapter, “relevant earnings”, in relation to an individual, means any income of his which is chargeable to tax for the year of assessment in question and is within subsection (2) below.
- (2) Subject to subsections (3) to [^{F18}(6F)] below, income is within this subsection if it is—
- (a) emoluments chargeable under Schedule E from an office or employment held by the individual;
 - (b) income from any property which is attached to or forms part of the emoluments of an office or employment held by him;
 - (c) income which is chargeable under Schedule D and is immediately derived by him from the carrying on or exercise by him of his trade, profession or vocation (either as an individual or as a partner acting personally in a partnership);
 - (d) income treated as earned income by virtue of section 529.
- (3) Where section 645 applies to an office or employment held by the individual, neither emoluments from the office or employment nor income from any property which is attached to it or forms part of its emoluments are within subsection (2) above.
- (4) The following are not income within subsection (2) above—
- (a) anything in respect of which tax is chargeable under Schedule E and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares;
 - (b) anything in respect of which tax is chargeable by virtue of section 148.
- (5) Emoluments of an individual as director of a company are not income within subsection (2) above if—
- (a) the income of the company consists wholly or mainly of investment income; and
 - (b) the individual, either alone or together with any other persons who are or have been at any time directors of the company, controls the company;
- and section 840 shall apply for the purposes of this subsection.
- (6) For the purposes of subsection (5) above—
- “director” includes any person occupying the position of director by whatever name called; and
- [^{F19}“investment income” means income which if the company were an individual, would not be earned income.]
- [^{F20}(6A) Emoluments of an individual as an employee of a company are not income within subsection (2) above if—
- (a) he is a controlling director of the company at any time in the year of assessment in question or has been a controlling director of the company at any time in the ten years immediately preceding that year of assessment, and
 - (b) any of subsections (6B) to (6E) below applies in his case.
- (6B) This subsection applies in the case of the individual if—
- (a) at any time in the year of assessment in question he is in receipt of benefits under a relevant superannuation scheme, and
 - (b) the benefits are payable in respect of past service with the company.

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- (6C) This subsection applies in the case of the individual if—
- (a) at any time in the year of assessment in question he is in receipt of benefits under a personal pension scheme.
 - (b) the scheme has received a transfer payment relating to him from a relevant superannuation scheme, and
 - (c) the transfer payment is in respect of past service with the company.
- (6D) This subsection applies in the case of the individual if—
- (a) at any time in the year of assessment in question he is in receipt of benefits under a relevant superannuation scheme,
 - (b) the benefits are payable in respect of past service with another company,
 - (c) the emoluments are for a period during which the company mentioned in subsection (6A) above has carried on a trade or business previously carried on by the other company, and
 - (d) the other company carried on the trade or business at anytime during the period of service in respect of which the benefits are payable.
- (6E) This subsection applies in the case of the individual if—
- (a) at any time in the year of assessment in question he is in receipt of benefits under a personal pension scheme,
 - (b) the scheme has received a transfer payment relating to him from a relevant superannuation scheme,
 - (c) the transfer payment is in respect of past service with another company,
 - (d) the emoluments are for a period during which the company mentioned in subsection (6A) above has carried on a trade or business previously carried on by the other company, and
 - (e) the other company carried on the trade or business at any time during the period of service in respect of which the transfer payment was made.
- (6F) For the purposes of subsections (6A) to (6E) above—
- (a) a person is a controlling director of a company if he is a director (as defined by section 612(1)), and he is within paragraph (b) of section 417(5), in relation to the company;
 - (b) “relevant superannuation scheme” has the same meaning as in section 645(1);
 - (c) references to benefits payable in respect of past service with a company include references to benefits payable partly in respect of past service with the company; and
 - (d) references to a transfer payment in respect of past service with a company include references to a transfer payment partly in respect of past service with the company.]
- (7) *For the purposes of this Chapter, a married woman’s relevant earnings shall not be treated as her husband’s relevant earnings, notwithstanding that her income chargeable to tax is treated as his income^{F21}.*

Textual Amendments

F18 1989 s.77 and Sch.7 para.5(2) from 6 April 1989. Previously “(5)”.

F19 1989 s.107 and Sch. 12 para.16 in relation to accounting periods beginning after 31 March 1989. Previously

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“investment income” shall be construed in accordance with paragraph 7 of Schedule 19.”.

F20 1989 s.77 and Sch.7 para.5(3) from 6 April 1989.

F21 Repealed by 1988(F) s.148 and Sch.14 Part VIII for 1990-91 and subsequent years.

Modifications etc. (not altering text)

C5 S. 644(2)(c) extended (with effect in accordance with s. 44 of the extending Act) by Finance Act 1998 (c. 36), Sch. 6 paras. 1, 2

Marginal Citations

M37 Source-1987 (No.2) s.35

645 Earnings from pensionable employment. U.K.

^{M38}(1) This section applies to an office or employment held by an individual if—

- (a) service in it is service to which a relevant superannuation scheme relates; and
- (b) the individual is a participant in the scheme; and
- (c) [^{F22}subsection (4) below does not apply] to his participation in the scheme.

(2) This section applies whether or not the duties of the office or employment are performed wholly or partly in the United Kingdom or the individual is chargeable to tax in respect of it.

(3) In subsection (1) above “a relevant superannuation scheme” means a scheme or arrangement—

- (a) the object or one of the objects of which is the provision, in respect of persons serving in particular offices or employments, of relevant benefits within the meaning of section 612; and

^{F23}(b) which is established by a person other than the individual [^{F22}; and

- (c) which is of a description mentioned in section 596(1)(a), (b) or (c).]

(4) This subsection applies to an individual’s participation in a scheme if the scheme provides no benefits in relation to him other than—

- (a) an annuity payable to his surviving spouse or a dependant of his;
- (b) a lump sum payable on his death in service.

[^{F24}(4A) Where the emoluments from an office or employment held by an individual are foreign emoluments within the meaning of section 192, this section shall have effect with the substitution of the following for paragraph (c) of subsection (3) above—

“(c) which corresponds to a scheme of a description mentioned in section 596(1)(a), (b) or (c).”.]

(5) *This subsection applies to an individual’s participation in a scheme if any sums paid pursuant to the scheme with a view to the provision of relevant benefits for him are treated as his income for the purposes of the Income Tax Acts*^{F25}.

Textual Amendments

F22 1989 s.77 and Sch.7 para.6(2), (3) from 6 April 1989. Previously “neither subsection (4) nor subsection (5) below applies” in subs.(1).

F23 Repealed by 1989 ss.77 and 187, Schs.7 para.6(3) and 17 Part IV from 6 April 1989.

F24 1989 s.77 and Sch.7 para.6(4) from 6 April 1989.

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F25 Repealed by 1989 ss.77 and 187, Schs.7 para.6(5) and 17 Part IV from 6 April 1989.

Marginal Citations

M38 Source-1987 (No.2) s.36

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

^{M39}(1) Subject to subsections (3) to (7) below [^{F26}and section 646(A)], in this Chapter “net relevant earnings”, in relation to an individual, means the amount of his relevant earnings for the year of assessment in question, less the amount of any deductions within subsection (2) below which fall to be made from the relevant earnings in computing for the purposes of income tax his total income for that year.

(2) Deductions are within this subsection if they are—

- (a) deductions which but for section 74(m), (p) or (q) could be made in computing the profits or gains of the individual;
- (b) deductions made by virtue of section 198, 201 or 332(3);
- (c) deductions in respect of relief under Schedule 9 to the Finance Act 1981 (stock relief);
- (d) deductions in respect of losses or capital allowances, being losses or capital allowances arising from activities profits or gains of which would be included in computing relevant earnings of the individual *or the individual's wife or husband*^{F27}.

(3) For the purposes of this section, an individual's relevant earnings shall be taken to be those earnings before giving effect to any capital allowances, other than deductions allowable in computing profits or gains, but after taking into account the amounts on which charges fall to be made [^{F28}under the 1990 Act (including enactments which under this Act are to be treated as contained in the 1990 Act)]; and in subsections (4) and (5) below, references to income (other than references to total income) shall be construed similarly.

(4) In the case of an individual's partnership profits, the amount to be included in arriving at his net relevant earnings shall be his share of the partnership income (estimated in accordance with the Income Tax Acts) after making from it any such deductions in respect of—

- (a) payments made by the partnership;
- (b) relief given to the partnership under Schedule 9 to the Finance Act 1981; or
- (c) capital allowances falling to be made to the partnership,

as would be made in computing the tax payable in respect of that income.

(5) Where, in a year of assessment for which an amount is deducted or set off under section 639(1) against the net relevant earnings of an individual—

- (a) a deduction in respect of such a loss or allowance of the individual as is mentioned in subsection (2)(d) above falls to be made in computing the total income of the individual *or the individual's wife or husband*^{F29}; and
- (b) the deduction or part of it falls to be so made from income other than relevant earnings;

the amount of the deduction made from that other income shall be treated as reducing the individual's net relevant earnings for subsequent years of assessment in accordance with subsection (6) below.

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- (6) The deduction shall be made so far as possible from the individual's net relevant earnings for the first of the subsequent years of assessment (whether or not he is entitled to relief under section 639(1) for that year), and then, so far as it cannot be so made, from those of the next year, and so on.
- (7) An individual's net relevant earnings for any year of assessment shall be computed without regard to any deduction or set off under section 639(1) which falls to be made for that year in respect of the individual *or the individual's wife or husband*^{F29}.

Textual Amendments

- F26** 1989 s.77 and Sch.7 para.7 for the year 1989-90 and subsequent years.
- F27** Words repealed by 1988(F) s.148 and Sch.14 Part VIII for 1990-91 and subsequent years.
- F28** 1990(C) s.164 and Sch.1 para.8(29). Previously
 “under the 1968 Act (including the enactments which under this Act or the 1970 Act are to be treated as contained in Part I of the 1968 Act)”.
- F29** Words repealed by 1988(F) s.148 and Sch.14 Part VIII for 1990-91 and subsequent years.

Marginal Citations

- M39** Source-1987 (No.2) s.37

^{F30} 646A Earnings from associated employments. **U.K.**

- (1) This section applies where in the year of assessment in question—
- (a) an individual holds two or more offices or employments which are associated in that year,
 - (b) one or more of them is an office or employment to which section 645 applies (“pensionable job”), and
 - (c) one or more of them is an office or employment to which that section does not apply (“non-pensionable job”).
- (2) Where the emoluments for that year from the pensionable job (or jobs) are equal to or exceed the allowable maximum for that year, section 646(1) shall have effect in the case of the individual as if the references to relevant earnings were references to relevant earnings not attributable to the non-pensionable job (or jobs).
- (3) Where the allowable maximum for that year exceeds the emoluments for that year from the pensionable job (or jobs), the individual's net relevant earnings, so far as attributable to the non-pensionable job (or jobs), shall not be greater than the amount of the excess.
- (4) For the purposes of this section two or more offices or employments held by an individual in a year of assessment are associated in that year if the employers in question are associated at any time during it.
- (5) For the purposes of subsection (4) above, employers are associated if (directly or indirectly) one is controlled by the other or if both are controlled by a third person.
- (6) In subsection (5) above the reference to control, in relation to a body corporate, shall be construed—
- (a) where the body corporate is a close company, in accordance with section 416, and

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(b) where it is not, in accordance with section 840.

(7) In this section “the allowable maximum” has the same meaning as in section 640A(1).]

Textual Amendments

F30 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)

VALID FROM 28/07/2000

[^{F31} 646B Presumption of same level of relevant earnings etc for 5 years. U.K.]

- (1) This section applies where an individual (the “relevant member”) who is or becomes a member of a personal pension scheme provides to the scheme administrator the requisite evidence of the relevant amounts for any year of assessment (the “basis year”).
- (2) For the purposes of this section, the “relevant amounts” for any year of assessment are the amounts which need to be known in order to calculate the relevant member’s net relevant earnings for that year.
- (3) The basis year need not be a year of assessment in which the relevant member is a member of the personal pension scheme concerned.
- (4) Where this section applies, it shall be presumed for the purposes of this Chapter in the case of the relevant member and the personal pension scheme concerned that, for each of the five years of assessment following the basis year, the relevant amounts (and, accordingly, the relevant member’s net relevant earnings) are the same as for the basis year.
- (5) Subsection (4) above is subject to—
 - (a) subsections (6) to (9) below; and
 - (b) such conditions or exceptions as may be prescribed.
- (6) For the purposes of this section, the requisite evidence provided for a later basis year (the “later basis year”) supersedes the requisite evidence provided for an earlier basis year (the “earlier basis year”).
- (7) Subsection (6) above has effect subject to, and in accordance with, subsections (8) and (9) below.
- (8) If—
 - (a) the actual net relevant earnings for the later basis year, exceed
 - (b) the actual net relevant earnings for the earlier basis year,the supersession effected by subsection (6) above has effect as respects the later basis year and subsequent years of assessment (and subsection (4) above applies accordingly).
- (9) Where the condition in subsection (8) above is not satisfied, the supersession effected by subsection (6) above has effect only as respects years of assessment later than the

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last of the five years of assessment following the earlier basis year (and subsection (4) above applies accordingly).

(10) It is immaterial for the purposes of this section whether the requisite evidence for a later year of assessment is provided before or after, or at the same time as, the requisite evidence for an earlier year of assessment.

(11) This section is subject to section 646D.]

Textual Amendments

F31 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)

VALID FROM 28/07/2000

[^{F31}646C Provisions supplementary to section 646B. U.K.]

- (1) In this section and section 646B, “requisite evidence” means evidence—
 - (a) of such a description as may be prescribed;
 - (b) in such form as may be prescribed; and
 - (c) satisfying such conditions as may be prescribed.
- (2) Regulations may make further provision in connection with requisite evidence.
- (3) The provision that may be made by regulations under subsection (2) above includes provision for or in connection with the provision, use, retention, production or inspection of, or of copies of,—
 - (a) requisite evidence;
 - (b) books, documents or other records relating to any requisite evidence; or
 - (c) extracts from requisite evidence or from such books, documents or other records.
- (4) Any power to make regulations under this section or section 646B includes power to make different provision for different cases or different purposes.
- (5) In this section and section 646B—

“prescribed” means specified in or determined in accordance with regulations;

“regulations” means regulations made by the Board.]

Textual Amendments

F31 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)

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VALID FROM 28/07/2000

[^{F32}646D] Higher level contributions after cessation of actual relevant earnings: modification of section 646B. U.K.

- (1) This section applies where a member of a personal pension scheme—
 - (a) has no actual relevant earnings in a year of assessment (the “break year”); but
 - (b) had actual relevant earnings in the preceding year of assessment (the “cessation year”); and
 - (c) was entitled to make higher level contributions under arrangements under the scheme in any one or more of the six years of assessment preceding the break year (the “reference years”).
- (2) In the application of the presumption in subsection (4) of section 646B for any qualifying post-cessation year, in a case where this section applies, the basis year may be any one of the reference years for which the member provides or has provided the requisite evidence—
 - (a) notwithstanding anything in subsections (6) to (9) of that section; and
 - (b) whether or not the qualifying post-cessation year is included among the five years of assessment following the basis year.
- (3) If the member provides or has provided the requisite evidence for two or more of the reference years, he may by notice in writing to the scheme administrator nominate that one of those years which is to be the basis year by virtue of subsection (2) above.
- (4) In this section “post-cessation year”, in the case of the member concerned, means any of the five years of assessment following the cessation year.
- (5) For the purposes of this section any post-cessation year is a “qualifying” post-cessation year unless—
 - (a) it is a year for which the member has any actual relevant earnings;
 - (b) it is a year throughout which the member holds an office or employment to which section 645 applies; or
 - (c) it immediately follows a post-cessation year which is not a qualifying post-cessation year.
- (6) Subsection (5) above is without prejudice to the further application of this section in relation to the member if the conditions in subsection (1) above are again fulfilled.
- (7) In this section—

“the basis year” shall be construed in accordance with section 646B;
“the requisite evidence” has the same meaning as in that section.]

Textual Amendments

- F32** 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](#))

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Charge to tax

647 Unauthorised payments. U.K.

- ^{M40}(1) This section applies to any payment within subsection (2) below which is made—
- (a) out of funds which are or have been held for the purposes of a personal pension scheme which is or has at any time been approved; and
 - (b) to or for the benefit of an individual who has made personal pension arrangements in accordance with the scheme.
- (2) A payment is within this subsection if—
- (a) it is not expressly authorised by the rules of the scheme; or
 - (b) it is made at a time when the scheme or the arrangements are not approved and it would not have been expressly authorised by the rules of the scheme or by the arrangements when the scheme, or as the case may be the arrangements, were last so approved.
- (3) The individual referred to in subsection (1)(b) above, whether or not he is the recipient of the payment, shall be chargeable to tax under Schedule E on the amount of the payment for the year of assessment in which the payment is made.
- (4) This section applies to a transfer of assets or other transfer of money's worth as it applies to a payment, and in relation to such a transfer the reference in subsection (3) above to the amount of the payment shall be read as a reference to the value of the transfer.

Marginal Citations

M40 Source-1987 (No.2) s.44

648 Contributions under unapproved arrangements. U.K.

^{M41}Where contributions are paid by an employer under personal pension arrangements made by his employee then, if those arrangements are not approved arrangements and the contributions are not otherwise chargeable to income tax as income of the employee, the contributions shall be regarded for all the purposes of the Income Tax Acts as emoluments of the employment chargeable to tax under Schedule E.

Marginal Citations

M41 Source-1987 (No.2) s.53

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VALID FROM 03/05/1994

Annuities: charge to tax

648A Annuities: charge under Schedule E. U.K.

- (1) Subject to subsection (2) below, where funds held for the purposes of an approved personal pension scheme are used to acquire an annuity—
 - (a) the annuity shall be charged to tax under Schedule E and section 203 shall apply accordingly;
 - (b) the annuity shall not be charged to tax under Case III of Schedule D.
- (2) As respects any approved personal pension scheme the Board may direct that, until such date as the Board may specify, annuities acquired with funds held for the purposes of the scheme shall be charged to tax as annual payments under Case III of Schedule D, and tax shall be deductible under sections 348 and 349 accordingly.

VALID FROM 01/05/1995

[^{F34}648B [^{F33} Return of contributions after pension date.] U.K.

- (1) Tax shall be charged under this section on any payment to a person under approved personal pension arrangements of such a lump sum as is mentioned in section 637A in a case where the member's death occurred after his pension date in relation to the arrangement in question.
- (2) Where a payment is chargeable to tax under this section, the scheme administrator shall be charged to income tax under Case VI of Schedule D and, subject to subsection (3) below, the rate of tax shall be 35 per cent.
- (3) The Treasury may by order from time to time increase or decrease the rate of tax under subsection (2) above.
- (4) The tax shall be charged on the amount paid or, if the rules of the scheme permit the scheme administrator to deduct the tax before payment, on the amount before deduction of tax; and the amount so charged to tax shall not be treated as income for any other purpose of the Tax Acts.]

Textual Amendments

F33 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\(1\)](#)

F34 S. 648B inserted (1.5.1995) by [Finance Act 1995 \(c. 4\), Sch. 11 para. 12](#)

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Miscellaneous

649 Minimum contributions under Social Security Act 1986. U.K.

- ^{M42}(1) Where under Part I of the ^{M43}Social Security Act 1986 the Secretary of State pays minimum contributions for the purposes of approved personal pension arrangements, the amount of the employee's share of those contributions shall, instead of being the amount provided for in that Part, be the grossed-up equivalent of the amount so provided for.
- (2) For the purposes of this section—
- “the employee's share” of minimum contributions is so much of the contributions as is attributable to the percentage mentioned in paragraph (a) of the definition of “rebate percentage” in section 3(3) of the Social Security Act 1986;
- “the grossed-up equivalent” of an amount is such sum as, after deduction of income tax at the basic rate in force for the year of assessment for which the contributions are paid, is equal to that amount.
- (3) The employee's share of minimum contributions paid for a year of assessment by the Secretary of State for the purposes of approved personal pension arrangements shall be treated for the purposes of income tax—
- (a) as the income for that year of the individual in respect of whom it is paid; and
- (b) as contributions paid in that year by that individual under those arrangements.
- (4) The Board may make regulations—
- (a) providing for the recovery by the Secretary of State from the Board, in such circumstances as may be prescribed by the regulations, of any increase attributable to this section in the sums paid by the Secretary of State out of the National Insurance Fund;
- (b) requiring the Secretary of State to give the Board such information as may be so prescribed about minimum contributions paid by the Secretary of State;
- (c) prescribing circumstances in which this section or any provision of it shall not apply;
- (d) making such provision as appears to the Board to be necessary or expedient for the purposes of supplementing the provisions of this section.
- (5) Any payment received by the Secretary of State by virtue of this section shall be paid into the National Insurance Fund.
- (6) In relation to Northern Ireland, this section shall have effect as if—
- (a) references to the Secretary of State were references to the Department of Health and Social Services for Northern Ireland;
- (b) references to Part I and section 3(3) of the ^{M44}Social Security Act 1986 were references to Part II and Article 5(3) of the ^{M45}Social Security (Northern Ireland) Order 1986; and
- (c) references to the National Insurance Fund were references to the Northern Ireland National Insurance Fund.

Modifications etc. (not altering text)

C6 For regulations see Part III Vol.5 (under

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“Personal pension schemes”).

Marginal Citations

- M42** Source-1987 (No.2) s.42.
M43 1986 c. 50.
M44 1986 c. 50.
M45 S.I. 1986/1888 (N.I. 18).

650 Withdrawal of approval. **U.K.**

- ^{M46}(1) If in the opinion of the Board the facts concerning an approved personal pension scheme or its administration or arrangements made in accordance with it do not warrant the continuance of their approval of the scheme, they may at any time by notice given to the scheme administrator withdraw their approval of the scheme.
- (2) If in the opinion of the Board the facts concerning any approved personal pension arrangements do not warrant the continuance of their approval in relation to the arrangements, they may at any time by notice given to the individual who made them and to the scheme administrator withdraw their approval in relation to the arrangements.
- (3) Without prejudice to the generality of subsection (2) above, the Board may withdraw their approval in relation to any personal pension arrangements if they are of the opinion that securing the provision of benefits under the arrangements was not the sole purpose of the individual in making them.
- (4) A notice under subsection (1) or (2) above shall state the grounds on which, and the date from which, approval is withdrawn.
- (5) The Board may not withdraw their approval from a date earlier than the date when the facts were first such that they did not warrant the continuance of their approval (so, however, that in a case within subsection (3) above their approval may be withdrawn from the day the arrangements in question were made).

Marginal Citations

- M46** Source-1987 (No.2) s.43

VALID FROM 31/07/1998

^{F35}650A Charge on withdrawal of approval from arrangements. **U.K.**

- (1) Where any personal pension arrangements cease to be approved arrangements by virtue of the exercise by the Board of their power under section 650(2), tax shall be charged in accordance with this section.
- (2) The tax shall be charged under Case VI of Schedule D at the rate of 40 per cent. on an amount equal to the value (taking that value at the relevant time) of the appropriate part of the assets held at that time for the purposes of the relevant scheme.
- (3) In subsection (2) above—

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“the appropriate part”, in relation to the value of any assets, is so much of those assets as is properly attributable, in accordance with the provisions of the scheme and any just and reasonable apportionment, to the arrangements in question; and

“the relevant time” means the time immediately before the date from which the Board’s approval is withdrawn.

(4) Subject to subsection (5) below, the person liable for the tax charged under this section shall be the scheme administrator for the relevant scheme.

(5) If, in any case where an amount of tax has been charged under this section and has not been paid—

- (a) there is at any time no person who, as the scheme administrator for the relevant scheme, may be assessed to that amount of tax, or is liable to pay it,
- (b) the scheme administrator for that scheme cannot for the time being be traced,
- (c) there has been such a failure by the scheme administrator for that scheme to meet a liability to pay that amount as the Board consider to be a failure of a serious nature, or
- (d) it appears to the Board that a liability of the scheme administrator for that scheme to pay that amount of tax is a liability that he will be, or (were there an assessment) would be, unable to meet out of assets held in accordance with the scheme for the purposes of those arrangements,

the Board shall be entitled to assess the unpaid tax on the person who made the arrangements in question as if the tax charged under this section, to the extent that it is unpaid, were assessable under this section on that person, instead of on the scheme administrator.

(6) An assessment to tax made by virtue of subsection (5)(c) above shall not be out of time if it is made within three years after the date on which the tax which the scheme administrator has failed to pay first became due from him.

(7) For the purposes of this section the value of an asset is, subject to subsection (8) below, its market value, construing “market value” in accordance with section 272 of the 1992 Act.

(8) Where an asset held for the purposes of a scheme is a right or interest in respect of any money lent (directly or indirectly) to any person mentioned in subsection (9) below, the value of the asset shall be treated as being the amount owing (including any unpaid interest) on the money lent.

(9) Those persons are—

- (a) the person who (whether or not before the making of the loan) made the arrangements in relation to which the Board’s approval has been withdrawn;
- (b) any other person who has at any time (whether or not before the making of the loan) made contributions under those arrangements; and
- (c) any person connected, at the time of the making of the loan or subsequently, with a person falling within paragraph (a) or (b) above.

(10) In this section “the relevant scheme”, in relation to any personal pension arrangements, means the scheme in accordance with which those arrangements were made.

(11) Section 839 shall apply for the purposes of this section.]

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Textual Amendments

F35 S. 650A inserted (with effect in accordance with s. 95(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), s. 95(1)

651 Appeals. **U.K.**

^{M47}(1) Where the Board—

- (a) refuse an application by notice under section 631; or
- (b) withdraw an approval by notice under section 650;

the person to whom the notice is given may appeal to the Special Commissioners against the refusal or, as the case may be, the withdrawal.

- (2) An appeal under this section shall be made by notice stating the grounds for the appeal and given to the Board before the end of the period of 30 days beginning with the day on which the notice of refusal or withdrawal was given to the appellant.
- (3) On an appeal under this section against the withdrawal of an approval, the Special Commissioners may, instead of allowing or dismissing the appeal, order that the withdrawal shall have effect from a date other than that determined by the Board.
- (4) The bringing of an appeal under this section shall not affect the validity of the decision appealed against pending the determination of the proceedings.

Marginal Citations

M47 Source-1987 (No.2) s.47

VALID FROM 31/07/1998

^{F36}651A Information powers. **U.K.**

(1) The Board may by regulations make any of the following provisions—

- (a) provision requiring prescribed persons to furnish to the Board, at prescribed times, information relating to any of the matters mentioned in subsection (2) below;
- (b) provision enabling the Board to serve a notice requiring prescribed persons to furnish to the Board, within a prescribed time, particulars relating to any of those matters;
- (c) provision enabling the Board to serve a notice requiring prescribed persons to produce to the Board, within a prescribed time, documents relating to any of those matters;
- (d) provision enabling the Board to serve a notice requiring prescribed persons to make available for inspection on behalf of the Board books, documents and other records, being books, documents and records which relate to any of those matters;
- (e) provision requiring prescribed persons to preserve for a prescribed time books, documents and other records, being books, documents and records which relate to any of those matters.

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- (2) The matters referred to in subsection (1) above are—
- (a) any personal pension scheme which is or has been approved; and
 - (b) any personal pension arrangements which are or have been approved.
- (3) A person who fails to comply with regulations made under subsection (1)(e) above shall be liable to a penalty not exceeding £3,000.
- (4) Regulations under this section may make different provision for different descriptions of case.
- (5) In this section “prescribed” means prescribed by regulations made under this section.]

Textual Amendments

F36 S. 651A inserted (31.7.1998) by [Finance Act 1998 \(c. 36\), s. 96\(1\)](#)

652 Information about payments. **U.K.**

- ^{M48}(1) An inspector may give a notice to a scheme administrator requiring him to provide the inspector with—
- (a) such particulars as the notice may require relating to contributions paid under approved personal pension arrangements made in accordance with the scheme;
 - (b) such particulars as the notice may require relating to payments by way of return of contributions;
 - (c) copies of such accounts as the notice may require.
- (2) A person to whom a notice is given under this section shall comply with the notice within the period of 30 days beginning with the day on which it is given.

Marginal Citations

M48 Source-1987 (No.2) s.50

653 Information: penalties. **U.K.**

^{M49}A person who knowingly makes a false statement or false representation on making an application under section 631 or for the purpose of obtaining for himself or any other person any relief from or repayment of tax under this Chapter shall be liable to a penalty not exceeding [^{F37}£3,000].

Textual Amendments

F37 1989 s.170(4)(b) *in relation to things done or omitted to be done on or after 27 July 1989. Previously “£500”.*

Marginal Citations

M49 Source-1987 (No.2) s.51(1)

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VALID FROM 31/07/1998

[^{F38}653A Notices to be given to scheme administrator. U.K.]

- (1) Where—
 - (a) the Board, or any officer of the Board, is authorised or required by or in consequence of any provision of this Chapter to give a notice to the person who is the scheme administrator of a personal pension scheme, but
 - (b) there is for the time being no scheme administrator for that scheme or the person who is the scheme administrator for that scheme cannot be traced, that power or duty may be exercised or performed by giving that notice, instead, to the person specified in subsection (2) below.
- (2) That person is—
 - (a) the person who established the scheme; or
 - (b) any person by whom that person has been directly or indirectly succeeded in relation to the provision of benefits under the scheme.
- (3) The giving of a notice in accordance with this section shall have the same effect as the giving of that notice to the scheme administrator and, without prejudice to section 650A(5), shall not impose an additional obligation or liability on the person to whom the notice is actually given.]

Textual Amendments

F38 S. 653A inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 1998](#) (c. 36), s. 97(1)

654 Remuneration of Ministers and other officers. U.K.

- ^{M50}(1) This section applies to any salary—
- (a) payable to the holder of a qualifying office who is also a Member of the House of Commons; and
 - (b) 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.
- (2) So much of any salary to which this section applies 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 (4)(a) below) is payable to him as a Member holding that qualifying office, shall be treated for the purposes of this Chapter as remuneration from the office of Member and not from the qualifying office.
- (3) 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

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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 paragraph (b), (c) or (d) of subsection (2) of section 2 of the ^{M51}Parliamentary and other Pensions Act 1987;

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

- (4) In subsection (3) 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)

- C7** S. 654 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

- M50** Source-1987 (No.2) s.52
M51 1987 c. 45.

655 Transitional provisions. U.K.

- (1) ^{M52}Where approved personal pension arrangements are made by an individual who pays qualifying premiums within the meaning of section 620(1)—
- (a) the amount that may be deducted or set off by virtue of section 639(1) in any year of assessment shall be reduced by the amount of any qualifying premiums which are paid in the year by the individual and in respect of which relief is given for the year under section 619(1)(a); and
 - (b) the relief which, by virtue of section 625, may be given under section 619 by reference to the individual’s unused relief for any year shall be reduced by the amount of any contributions paid by him in that year under the approved personal pension arrangements.
- (2) Where an individual elects under section 641 that a contribution or part of a contribution shall be treated as paid in the year of assessment [^{F39}1985-86, 1986-87 or 1987-88], the payment shall be treated as the payment of a qualifying premium for the purposes of Chapter III of this Part; and in such a case references in section 641 to an amount of unused relief shall be construed in accordance with section 625.

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- (3) The references in section 642 to unused relief for any year are, for years of assessment before [F401988-89], references to unused relief within the meaning of section 625.
- (4) M53 The Board shall not grant any application under section 631 so as to approve a scheme with effect from a date earlier than [F401st July] 1988.
- (5) The Board may by regulations make provision for applications for approval of personal pension schemes to be granted provisionally *in cases where the applications are made before 1st [F40February] 1990* notwithstanding that the Board have not satisfied themselves that the schemes comply with the requirements of sections 632 to 638; and such regulations may, in particular, provide—
- for the contents and form of certificates or other documents which the Board may require the applicant to give them before they grant an application provisionally;
 - for the making of such amendments of the rules of the scheme after the provisional grant of an application as are necessary to enable the scheme to comply with the requirements of sections 632 to 638, and for those amendments to have effect as from the date of approval of the scheme;
 - for the withdrawal of approval of the scheme as from that date if it does not comply with the requirements of sections 632 to 638 and such amendments as are mentioned in paragraph (b) above are not made;

and may make such supplementary provision as appears to the Board to be necessary or expedient.

Textual Amendments

F39 1988(F) s.54 (*which also specifies changes to ss.20, 54, 55 and 56 of 1987 (No.2)*). Deemed always to have had effect. Previously

“1984-85, 1985-86 or 1986-87”.

F40 1988(F) s.54 (*which also specifies changes to ss.20, 54, 55 and 56 of 1987 (No.2)*). Deemed always to have had effect. Previously

“1987-88”, “4th January”

and

“August 1989”

respectively.

Modifications etc. (not altering text)

C8 For regulations see S.I. [1987 No.1765](#) in Part III Vol.5.

Marginal Citations

M52 Source-1987 (No.2) s.55.

M53 Source-1987 (No.2) s.56

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