



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XIV

PENSION SCHEMES, SOCIAL SECURITY BENEFITS, LIFE ANNUITIES ETC.

CHAPTER IV

PERSONAL PENSION SCHEMES

Preliminary

630 Interpretation.

[^{F1}(1)] ^{M1}In this Chapter—

“approved”—

- (a) in relation to a scheme [^{F2}(other than an approved retirement benefits scheme)], means approved by the Board under this Chapter; and
- (b) in relation to arrangements, means—
 - (i) ^{F3}made in accordance with a scheme which is for the time being, and was when the arrangements were made, an approved scheme [^{F4}; or
 - (ii) made in accordance with a scheme which is for the time being an approved converted scheme but which was, when the arrangements were made, an approved retirement benefits scheme;]

but does not refer to cases in which approval has been withdrawn;

[^{F5}“approved converted scheme” means an approved personal pension scheme which is such a scheme by virtue of paragraph 3(2)(b) of Schedule 23ZA;]

[^{F6}“approved retirement benefits scheme” means a retirement benefits scheme approved under Chapter I of this Part;]

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[^{F7}“authorised insurance company” has the meaning given by section 659B;]

[^{F8}“the earnings threshold” for any year of assessment is £3,600;

[^{F9}“higher level contributions”, in the case of any year of assessment, means contributions in excess of the earnings threshold for the year;]

[^{F10}“income withdrawal” means a payment of income, under arrangements made in accordance with a personal pension scheme, otherwise than by way of an annuity;]

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

[^{F11}“pension date”, in relation to any personal pension arrangements, means [^{F12}(subject to section 638ZA)] the date determined in accordance with the arrangements on which—

- (a) an annuity such as is mentioned in section 634 is first payable, or
- (b) the member elects to defer the purchase of such an annuity and to make income withdrawals in accordance with section 634A;]

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

[^{F13}“the personal pension fund”, in the case of any personal pension arrangement and an individual, means the accrued rights to which the individual is entitled conferring prospective entitlement to benefits under the arrangement;

“personal pension scheme” means a scheme whose sole purpose is the provision of annuities [^{F14}, income withdrawals] or lump sums under arrangements made by individuals in accordance with the scheme;

[^{F15}“retirement benefits scheme” has the same meaning as in Chapter I of this Part (see section 611);]

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

[^{F16}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.]

[The Treasury may by order amend the definition of “the earnings threshold” in ^{F17}(1A) subsection (1) above for any year of assessment by varying the amount there specified.]

[For the purposes of this Chapter the annual amount of the annuity which would have ^{F18}(2) been purchasable by a person on any date shall be calculated by reference to—

- (a) the value on that date, determined by or on behalf of the scheme administrator, of the [^{F19}personal pension fund] under the arrangements in question, and
- (b) the current published tables of rates of annuities prepared for the purposes of this Chapter by the Government Actuary.

[^{F20} Where a lump sum falls to be paid on the date in question, the reference is to the value of the personal pension fund after allowing for that payment.]

(3) ^{F21}

(4) The Board may make provision by regulations as to the basis on which the tables mentioned in subsection (2)(b) above are to be prepared and the manner in which they are to be applied.]]]

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Textual Amendments

- F1** S. 630 renumbered as s. 630(1) (with effect in accordance with [Sch. 11 para. 1](#) of the amending Act) by virtue of [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 2\(2\)](#)
- F2** S. 630(1): words in definition of "approved" inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para 2\(a\)](#) (with [Sch. 13 Pt. 2](#))
- F3** S. 630(1): in definition of "approved", words in para. (b) renumbered as para. (b)(i) (28.7.2000) by virtue of [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(2\)\(b\)](#) (with [Sch. 13 Pt. 2](#))
- F4** S. 630(1): in definition of "approved", para. (b) and preceding word inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(2\)\(b\)](#) (with [Sch. 13 Pt. 2](#))
- F5** S. 630(1): definition of "approved converted scheme" inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(4\)\(a\)](#) (with [Sch. 13 Pt. 2](#))
- F6** S. 630(1): definition of "approved retirement benefits scheme" inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(4\)\(b\)](#) (with [Sch. 13 Pt. 2](#))
- F7** S. 630(1): definition of "authorised insurance company" substituted (with effect in accordance with s. 60(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 59\(4\)](#)
- F8** S. 630(1): definition of "the earnings threshold" inserted (with effect in accordance with [Sch. 13 para. 5\(8\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(4\)\(c\)](#) (with [Sch. 13 Pt. 2](#))
- F9** S. 630(1): definition of "higher level contributions" inserted (with effect in accordance with [Sch. 13 para. 5\(8\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(4\)\(d\)](#) (with [Sch. 13 Pt. 2](#))
- F10** S. 630(1): definition of "income withdrawal" inserted (with effect in accordance with [Sch. 11 para. 1](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 2\(2\)](#)
- F11** S. 630(1): definition of "pension date" inserted (with effect in accordance with [Sch. 11 para. 1](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 2\(2\)](#)
- F12** S. 630(1): words in definition of "pension date" inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(3\)](#) (with [Sch. 13 Pt. 2](#))
- F13** S. 630(1): definition of "the personal pension fund" inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(4\)\(e\)](#) (with [Sch. 13 Pt. 2](#))
- F14** S. 630(1): words in definition of "personal pension scheme" inserted (with effect in accordance with [Sch. 11 para. 1](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 2\(2\)](#)
- F15** S. 630(1): definition of "retirement benefits scheme" inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(4\)\(f\)](#) (with [Sch. 13 Pt. 2](#))
- F16** 1988(F) s.55(1)—*from 1 July 1988.*
- F17** S. 630(1A) inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(5\)](#) (with [Sch. 13 Pt. 2](#))
- F18** S. 630(2)-(4) inserted (with effect in accordance with [Sch. 11 para. 1](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 2\(3\)](#)
- F19** Words in s. 630(2)(a) substituted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(6\)\(a\)](#) (with [Sch. 13 Pt. 2](#))
- F20** Words in s. 630(2) added (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(6\)\(b\)](#) (with [Sch. 13 Pt. 2](#))
- F21** S. 630(3) repealed (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 5\(7\)](#), [Sch. 40 Pt. 2\(4\)](#) (with [Sch. 13 Pt. 2](#))

Marginal Citations

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

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631 Approval of schemes.

- ^{M2}(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 [^{F22}638A][^{F23}(and, where applicable, Schedule 23ZA)].
- [^{F24}(2A) An application for approval of a personal pension scheme may, if the Board think fit, be granted subject to conditions.]
- (3) The Board shall give notice to the applicant of the grant or refusal of an application; and
- [^{F25}(a) in the case of a grant subject to conditions, the notice shall state that the grant is so subject and shall specify the conditions; and
- (b)] 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.

Textual Amendments

- F22** Words in s. 631(2) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\), s. 94\(2\)](#)
- F23** Words in s. 631(2) inserted (28.7.2000) by [Finance Act 2000 \(c. 17\), Sch. 13 para. 6\(2\)](#) (with [Sch. 13 Pt. 2](#))
- F24** [S. 631\(2A\)](#) inserted (with effect in accordance with [Sch. 13 para. 6\(5\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\), Sch. 13 para. 6\(3\)](#) (with [Sch. 13 Pt. 2](#))
- F25** Words in s. 631(3) inserted (with effect in accordance with [Sch. 13 para. 6\(5\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\), Sch. 13 para. 6\(4\)](#) (with [Sch. 13 Pt. 2](#))

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

- M2** Source-1987 (No.2) s.19

[^{F26}631A Conversion of certain approved retirement benefits schemes.

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.]

Textual Amendments

- F26** [S. 631A](#) inserted (28.7.2000) by [Finance Act 2000 \(c. 17\), Sch. 13 para. 7](#) (with [Sch. 13 Pt. 2](#))

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