



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 9

#### PENSION INCOME

### CHAPTER 15

#### VOLUNTARY ANNUAL PAYMENTS

#### 633 Voluntary annual payments

- (1) This section applies to an annual payment which—
  - (a) is paid voluntarily, or
  - (b) is capable of being discontinued,if conditions A and B are met.
- (2) Condition A is that the payment is paid to—
  - (a) a former employee or a former office-holder,
  - (b) the widow or widower [<sup>F1</sup>or surviving civil partner] of a former employee or former office-holder, or
  - (c) any child, relative or dependant of a former employee or a former office-holder.
- (3) Condition B is that the payment is paid by or on behalf of—
  - (a) the person—
    - (i) who employed the former employee, or
    - (ii) under whom the former office-holder held the office, or
  - (b) the successors of that person.

*Status: Point in time view as at 06/04/2014.*

*Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 15 is up to date with all changes known to be in force on or before 23 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (4) But this section applies to a payment which is paid by or on a behalf of a person who is outside the United Kingdom only if it is paid to a person resident in the United Kingdom.
- (5) In this section “office” includes in particular any position which has an existence independent of the person who holds it and may be filled by successive holders.

#### Textual Amendments

- F1** Words in s. 633(2)(b) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **159**

### 634 Taxable pension income: UK voluntary annual payments

- (1) The taxable pension income for payments to which section 633 applies is determined in accordance with this section if the payments are made by or on behalf of a person who is in the United Kingdom.
- (2) The taxable pension income for a tax year is the full amount of the payments accruing in that year irrespective of when any amount is actually paid.

### 635 Taxable pension income: foreign voluntary annual payments

- (1) The taxable pension income for payments to which section 633 applies is determined in accordance with this section if the payments are made by or on behalf of a person who is outside the United Kingdom.
- (2) The taxable pension income for a tax year is [<sup>F2</sup>the full amount of the pension income arising in the tax year, but subject to subsections (3) and (4)] .
- [<sup>F3</sup>(3) The full amount of the pension income arising in the tax year is to be calculated on the basis that the pension is 90% of its actual amount, unless as a result of subsection (4) the pension income is charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).
- (4) That pension income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of that Act (relevant foreign income: remittance basis and deductions and reliefs).
- (5) But if that pension income arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of condition B and subsection (5)(a).
- (6) See also Chapter 4 of that Part (unremittable income).]

#### Textual Amendments

- F2** Words in s. 635(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 609\(2\)](#) (with [Sch. 2](#))
- F3** S. 635(3)-(6) substituted for s. 635(3) (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 609\(3\)](#) (with [Sch. 2](#))

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### **636 Person liable for tax**

If section 633 applies, the person liable for any tax charged under this Part is the person receiving or entitled to the payment.

**Status:**

Point in time view as at 06/04/2014.

**Changes to legislation:**

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