

SCHEDULES

SCHEDULE 10

SHARING OF PENSIONS ETC. ON DIVORCE OR ANNULMENT

Charge on pensions commuted in special circumstances

- 7 (1) In section 599 of the Taxes Act 1988 (charge to tax where pension commuted in special circumstances), the words “Subject to subsection (1A) below,” shall be inserted at the beginning of subsection (1); and the following subsections shall be inserted after that subsection—
- “(1A) Subsection (1) above shall have effect in relation to the commutation of the whole or any part of a pension the amount of which has been affected by the making of any pension sharing order or provision as if paragraph (a) and the words after paragraph (b) were omitted.
- (1B) Where—
- (a) a scheme to which this section applies contains a rule allowing, in special circumstances, a payment in commutation of the entire pension provided under the scheme for an ex-spouse, and
 - (b) any pension is commuted, whether wholly or not, under the rule, tax shall be charged on the amount by which the sum receivable exceeds the largest sum which would have been receivable in commutation of any part of the pension under any rule of the scheme authorising the commutation of a part (but not the whole) of the pension.
- (1C) A pension provided for an ex-spouse shall be disregarded when applying subsection (1) above in relation to the commutation of any pension provided for an employee.
- (1D) A pension provided for an employee shall be disregarded when applying subsection (1B) above in relation to the commutation of any pension provided for an ex-spouse.
- (1E) Subsections (4B) and (4C) of section 590 apply for the purposes of subsections (1C) and (1D) above as they apply for the purposes of that section.”
- (2) In subsection (6) of that section, after “subsection (1) above” there shall be inserted “, or in applying subsection (1B) above”.