

*These notes refer to the Income Tax (Earnings and Pensions)
Act 2003 (c.1) which received Royal Assent on 6th March 2003*

INCOME TAX (EARNINGS AND PENSIONS) ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Example 3

Ne = £5,000; Da = 183; De = 183; Smg = 0

Part 9: Pension Income

Overview

Chapter 14: Pre-1973 pensions paid under the Overseas Pensions Act 1973

Overview

Section 629: Pre-1973 pensions paid under the Overseas Pensions Act 1973

2491. This section derives from section 616(3) of ICTA.
2492. Section 616(3) of ICTA was introduced to deal with a consequence of the Overseas Pensions Act 1973. Under the Overseas Pensions Act 1973 the United Kingdom government took responsibility for paying certain pensions previously paid by Commonwealth governments. This converted the pensions from foreign pensions taxed under Schedule D Case V to United Kingdom pensions taxed under Schedule E. This might have been to the taxpayer's disadvantage because the income could no longer be taxed on the remittance basis.
2493. The effect of section 616(3) of ICTA is to treat the pensions as if they are still paid by the overseas government. To qualify the pension must have been paid since 6 April 1973 to the original pensioner, or to the original pensioner's widow or widower.
2494. *Subsection (1)(b)* introduces the term "pre-1973 pension". That term is defined in section 630.
2495. *Subsection (2)* prevents the section applying to any part of the pension that is paid under the Pensions (Increase) Act 1971. These increases to the pension have always been paid by the United Kingdom government and have always been taxed as United Kingdom pensions.