



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 9

PENSION INCOME

CHAPTER 10

OTHER EMPLOYMENT-RELATED ANNUITIES

609 Annuities for the benefit of dependants

- (1) This section applies to any annuity which was granted for consideration consisting in whole or in part of sums [^{F1}—
- (a) which, in the tax year 2012-13 or an earlier tax year, satisfied the conditions for relief under section 273 of ICTA or section 459 of ITA 2007 (obligatory contributions to secure an annuity for the benefit of dependants), or
 - (b) which fall within subsection (3)]
- (2) But this section applies to an annuity which arises from a source outside the United Kingdom only if it is paid to a person resident in the United Kingdom.
- [^{F2}(3) A sum falls within this subsection if—
- (a) in the tax year 2013-14 or a later tax year, the sum is paid by an individual, or is deducted from an individual's earnings, under an Act or the individual's terms and conditions of employment,
 - (b) the sum is for the purpose of—
 - (i) securing a deferred annuity after the individual's death for the individual's surviving spouse or civil partner, or
 - (ii) making provision after the individual's death for the individual's children, and

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- (c) the individual—
- (i) is UK resident for the tax year in which the sum is paid or deducted, or
 - (ii) at any time in that tax year, falls within any of paragraphs (a) to (f) of section 460(3) of ITA 2007 (matters relating to residence).
- (4) Subsection (3)(a) does not cover contributions paid by a person under—
- (a) Part 1 of the Social Security Contributions and Benefits Act 1992, or
 - (b) Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- (5) In subsection (3)(a) “earnings” has the meaning given by section 62.]

Textual Amendments

- F1** Words in s. 609(1) substituted (with effect in accordance with Sch. 39 para. 32(6) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 32\(4\)](#)
- F2** S. 609(3)-(5) inserted (with effect in accordance with Sch. 39 para. 32(6) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 32\(5\)](#)

610 Annuities under ^{F3}non-registered occupational pension] schemes

- (1) This section applies to—
- (a) any annuity paid under [^{F4}an occupational pension scheme that is not a registered pension scheme], and
 - (b) any annuity acquired using funds held for the purposes of [^{F5}such an occupational pension scheme].
- (2) But this section applies to an annuity which arises from a source outside the United Kingdom only if it is paid to a person resident in the United Kingdom.
- (3) This section does not apply to an annuity to which [^{F6}Chapter 5A] of this Part applies.
- [^{F7}(4) In this section “occupational pension scheme” has the same meaning as in Part 4 of FA 2004 (see section 150(5) of that Act).]

Textual Amendments

- F3** Words in s. 610 heading substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 8\(5\)](#) (with [Sch. 36](#))
- F4** Words in s. 610(1)(a) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 8\(2\)\(a\)](#) (with [Sch. 36](#))
- F5** Words in s. 610(1)(b) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 8\(2\)\(b\)](#) (with [Sch. 36](#))
- F6** Words in s. 610(3) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 8\(3\)](#) (with [Sch. 36](#))
- F7** S. 610(4) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 8\(4\)](#) (with [Sch. 36](#))

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611 Annuities in recognition of another’s services

- (1) This section applies to any annuity purchased by any person in recognition of another person’s services in any office or employment.
- (2) But this section applies to an annuity which arises from a source outside the United Kingdom only if it is paid to a person resident in the United Kingdom.
- (3) This section does not apply to an annuity to which [F8Chapter 5A] of this Part applies.
- (4) For the purposes of 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

- F8** Words in s. 611(3) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 9](#) (with [Sch. 36](#))

[F9]611A Exemptions from sections 609 to 611

- (1) Chapter 17 of this Part provides exemptions for certain annuities (see sections 646B to 646E: certain beneficiaries' annuities purchased out of unused or drawdown funds).
- (2) See also paragraph 45A of Schedule 36 to FA 2004 (exemption in certain cases for payments on or after 6 April 2015 to beneficiaries under joint-life or similar annuities purchased before 6 April 2006).]

Textual Amendments

- F9** [S. 611A](#) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 21](#)

612 Taxable pension income: UK annuities

- (1) The taxable pension income for an annuity to which section 609, 610 or 611 applies is determined in accordance with this section if the annuity arises from a source in the United Kingdom.
- (2) The taxable pension income for a tax year is the full amount of the annuity arising in that year.

613 Taxable pension income: foreign annuities

- (1) The taxable pension income for an annuity to which section 609, 610 or 611 applies is determined in accordance with this section if the annuity arises from a source outside the United Kingdom.
- (2) The taxable pension income for a tax year is [F10the full amount of the annuity arising in the tax year, but subject to [F11subsection] (4).]

F12[F13(3)

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- (4) The annuity is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of [F14ITTOIA 2005] (relevant foreign income: remittance basis and deductions and reliefs).
- (5) But if the annuity arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of [F15conditions B1 and B2 (and the reference to them in subsection (1))] and subsection (5)(a).
- (6) See also Chapter 4 of that Part (unremittable income).]

Textual Amendments

- F10** Words in s. 613(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 607\(2\)](#) (with Sch. 2)
- F11** Word in s. 613(2) substituted (with effect in accordance with Sch. 3 para. 2(6) of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 3 para. 2\(4\)\(b\)\(i\)](#)
- F12** S. 613(3) omitted (with effect in accordance with Sch. 3 para. 2(6) of the amending Act) by virtue of [Finance Act 2017 \(c. 10\)](#), [Sch. 3 para. 2\(2\)](#)
- F13** S. 613(3)-(6) substituted for s. 613(3)(4) (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 607\(3\)](#) (with Sch. 2)
- F14** Words in s. 613(4) substituted (with effect in accordance with Sch. 3 para. 2(6) of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 3 para. 2\(4\)\(b\)\(ii\)](#)
- F15** Words in s. 613(5) substituted (with effect in accordance with Sch. 3 para. 2(6) of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 3 para. 2\(5\)](#)

614 Person liable for tax

If section 609, 610 or 611 applies, the person liable for any tax charged under this Part is the person receiving or entitled to the annuity.

Changes to legislation:

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