



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 9

PENSION INCOME

CHAPTER 2

TAX ON PENSION INCOME

566 Nature of charge to tax on pension income and relevant definitions

- (1) The charge to tax on pension income under this Part is a charge to tax on that income excluding any exempt income.
- (2) “Pension income” means the pensions, annuities and income of other types to which the provisions listed in subsection (4) apply.

This definition applies for the purposes of the Tax Acts.

- (3) “Exempt income” means pension income on which no liability to income tax arises as a result of any provision of Chapters 16 to 18 of this Part.

This definition applies for the purposes of this Part.

- (4) These are the provisions referred to in subsection (2)—

| <i>Provision</i> | <i>Income</i> | <i>Chapter (of this Part)</i> |
|------------------|-------------------------|-------------------------------|
| Section 569 | United Kingdom pensions | Chapter 3 |
| Section 573 | Foreign pensions | Chapter 4 |

Status: This is the original version (as it was originally enacted).

| <i>Provision</i> | <i>Income</i> | <i>Chapter (of this Part)</i> |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Section 577 | United Kingdom social security pensions | Chapter 5 |
| Section 580 | Pensions or annuities from approved retirement benefits schemes | Chapter 6 |
| Section 583 | Unauthorised payments from— (a) approved retirement benefits schemes, or (b) former approved superannuation funds (see section 593) | Chapter 6 |
| Section 590 | Annuities paid under former approved superannuation funds | Chapter 7 |
| Section 595 | Annuities from approved personal pension schemes | Chapter 8 |
| Section 598 | Income withdrawals under approved personal pension arrangements | Chapter 8 |
| Section 601 | Unauthorised personal pension payments | Chapter 8 |
| Section 605 | Annuities under retirement annuity contracts | Chapter 9 |
| Section 609 | Annuities for the benefit of dependants | Chapter 10 |
| Section 610 | Annuities under sponsored superannuation schemes | Chapter 10 |
| Section 611 | Annuities in recognition of another's services | Chapter 10 |
| Section 615 | Certain overseas government pensions paid in the United Kingdom | Chapter 11 |
| Section 619 | The House of Commons Members' Fund | Chapter 12 |
| Section 623 | Return of surplus employee additional voluntary contributions | Chapter 13 |
| Section 629 | Pre-1973 pensions paid under OPA 1973 | Chapter 14 |
| Section 633 | Voluntary annual payments | Chapter 15 |

567 Amount charged to tax

- (1) The amount of pension income which is charged to tax under this Part for a particular tax year is as follows.
- (2) In relation to each pension, annuity or other item of pension income, the amount charged to tax is the “net taxable pension income” for the tax year.
- (3) The net taxable pension income for a pension, annuity or other item of pension income for a tax year is given by the formula—

$$\text{TPI} - \text{DPI}$$

where—

TPI means the amount of taxable pension income for that pension, annuity or item of pension income for that year (see subsection (4)), and

DPI means the total amount of any deductions allowed from the pension, annuity or item of pension income (see subsection (5)).

- (4) For the purposes of this Act—
 - (a) the amount of taxable pension income for a pension, annuity or other item of pension income for a tax year is determined in accordance with Chapters 3 to 15 of this Part (which contain provisions relating to this amount for each type of pension income); and
 - (b) in determining the amount of taxable pension income for a pension, annuity or other item of pension income, any exempt income is to be excluded.
- (5) The deductions allowed from a pension, annuity or other item of pension income are those under—
 - section 617 (10% deduction from an overseas government pension to which section 615 applies);
 - Part 12 (payroll giving).

568 Person liable for tax

For the provision identifying which person is liable for any tax charged under this Part on a pension, annuity or other item of pension income, see Chapters 3 to 15.