



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 9

PENSION INCOME

CHAPTER 8

APPROVED PERSONAL PENSION SCHEMES

Annuities

595 Annuities

This section applies to any annuity acquired using funds held for the purposes of an approved personal pension scheme.

596 Taxable pension income

If section 595 applies, the taxable pension income for a tax year is the full amount of the annuity received in that year.

597 Person liable for tax

If section 595 applies, the person liable for any tax charged under this Part is the person receiving or entitled to the annuity.

*Income withdrawals***598 Income withdrawals**

This section applies to any income withdrawal under approved personal pension arrangements.

599 Taxable pension income

If section 598 applies, the taxable pension income for a tax year is the total amount of the income withdrawals made in that year.

600 Person liable for tax

If section 598 applies, the person liable for any tax charged under this Part is the person receiving or entitled to the income.

*Unauthorised personal pension payments***601 Unauthorised personal pension payments**

- (1) This section applies to any unauthorised personal pension payment.
- (2) In this section “personal pension payment” means a payment which—
 - (a) is made out of funds which are or have been held for the purposes of a personal pension scheme (“the paying scheme”), and
 - (b) is made to or for the benefit of an individual who has made personal pension arrangements in accordance with the paying scheme (“the individual’s arrangements”).
- (3) For the purposes of this section a personal pension payment is unauthorised if any of conditions A, B and C are met.
- (4) Condition A is that—
 - (a) the paying scheme and the individual’s arrangements are both approved at the time the payment is made, but
 - (b) the payment is not expressly authorised by the rules of the paying scheme.
- (5) Condition B is that—
 - (a) the paying scheme is not approved at the time the payment is made, and
 - (b) at the time the scheme was last approved, the payment would not have been expressly authorised under the scheme’s rules.
- (6) Condition C is that—
 - (a) the individual’s arrangements are not approved at the time the payment is made, and
 - (b) at the time the arrangements were last approved, the payment would not have been expressly authorised under the arrangements.
- (7) In this section “payment” includes—
 - (a) a transfer of assets, and
 - (b) any other transfer of money’s worth.

602 Taxable pension income

If section 601 applies, the taxable pension income for a tax year is the total amount or value of the payments made in that year.

603 Person liable for tax

If section 601 applies, the person liable for any tax charged under this Part is the individual who made the arrangements mentioned in section 601(2)(b) to whom or for whose benefit the payment is made, whether or not the individual is the recipient of the payment.

Interpretation

604 Meaning of “personal pension scheme” and related expressions

In this Chapter the following expressions have the same meaning as in Chapter 4 of Part 14 of ICTA (see section 630(1) of ICTA)—

- (a) “approved”;
- (b) “income withdrawal”;
- (c) “personal pension arrangements”;
- (d) “personal pension scheme”.