



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 9

PENSION INCOME

CHAPTER 17

EXEMPTIONS: ANY TAXPAYER

[^{F1}646E Non-registered schemes: beneficiaries' annuities from drawdown funds

- (1) The charge to tax under this Part does not apply to an annuity paid to a person if—
- (a) it is paid in respect of a deceased member of an overseas pension scheme, or a relevant non-UK scheme, who had not reached the age of 75 at the date of the member's death,
 - (b) the person would, if that scheme were a registered pension scheme, be a dependant or nominee of the member,
 - (c) the annuity was purchased using sums or assets held for the purposes of a money purchase arrangement under an overseas pension scheme or relevant non-UK scheme, and those sums or assets would if that scheme were a registered pension scheme form the whole or part of the person's—
 - (i) dependant's drawdown pension fund,
 - (ii) dependant's flexi-access drawdown fund, or
 - (iii) nominee's flexi-access drawdown fund,in respect of the arrangement,
 - (d) the annuity would, if the scheme were a registered pension scheme and if “insurance company” in Part 4 of FA 2004 had the meaning given by section 646D(8), be a dependants' short-term annuity or dependants' annuity

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 646E. (See end of Document for details)

- or (as the case may be) a nominees' short-term annuity or nominees' annuity, and
- (e) the member died on or after 3 December 2014.
- (2) The charge to tax under this Part does not apply to an annuity payable to a person if—
- (a) it is paid in respect of a deceased individual (“the beneficiary”) who had not reached the age of 75 at the date of the beneficiary's death,
 - (b) the beneficiary would have been a dependant, nominee or successor of a deceased member of an overseas pension scheme, or relevant non-UK scheme, if that scheme had been a registered pension scheme,
 - (c) the person would, if that scheme were a registered pension scheme, be a successor of the member,
 - (d) the annuity was purchased using sums or assets out of a fund held for the purposes of a money purchase arrangement under an overseas pension scheme or relevant non-UK scheme and would, if that scheme were a registered pension scheme and if “insurance company” in Part 4 of FA 2004 had the meaning given by section 646D(8), be a successors' short-term annuity, or successors' annuity, purchased using sums or assets out of the person's successor's flexi-access drawdown fund in respect of the arrangement, and
 - (e) the beneficiary died on or after 3 December 2014.
- (3) Subsection (1) is subject to subsections (4) and (5).
- (4) Subsection (1) does not exempt payments on or after 6 April 2015 to a person of an annuity payable in respect of a deceased member of an overseas pension scheme, or relevant non-UK scheme, if—
- (a) the annuity is purchased using sums or assets held for the purposes of a money purchase arrangement under an overseas pension scheme or relevant non-UK scheme,
 - (b) the annuity would, if that scheme were a registered pension scheme and if “insurance company” in Part 4 of FA 2004 had the meaning given by section 646D(8), be a dependants' short-term annuity or dependants' annuity,
 - (c) the annuity was purchased using sums or assets out of a fund that would, if that scheme were a registered pension scheme, be the person's dependant's drawdown pension fund in respect of the arrangement (“the drawdown fund”), and
 - (d) before 6 April 2015—
 - (i) any payment of the annuity was made,
 - (ii) any payment was made to the person of any other annuity purchased using sums or assets out of the drawdown fund or out of any fund represented (to any extent) by the drawdown fund, or
 - (iii) any payment was made to the person out of the drawdown fund, or out of any fund represented (to any extent) by the drawdown fund, of any pension that would be dependants' income withdrawal if the fund concerned were held for the purposes of a registered pension scheme.
- (5) Subsection (1) does not exempt payments to a person of an annuity payable in respect of a deceased member of an overseas pension scheme, or relevant non-UK scheme, if—
- (a) the annuity was purchased using sums or assets held for the purposes of a money purchase arrangement under an overseas pension scheme or relevant non-UK scheme and would, if that scheme were a registered pension scheme

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- and “insurance company” in Part 4 of FA 2004 had the meaning given by section 646D(8), be a dependants' short-term annuity or dependants' annuity,
- (b) the annuity was purchased using sums or assets out of a fund (“the new fund”) that would, if that scheme were a registered pension scheme, be the person's dependant's flexi-access drawdown fund in respect of the arrangement,
 - (c) before 6 April 2015—
 - (i) any payment of pension in respect of the deceased member was made to the person from a fund held for the purposes of a money purchase arrangement under an overseas pension scheme, or relevant non-UK scheme, that would be a payment of dependants' income withdrawal from the person's dependant's drawdown pension fund in respect of the arrangement if the scheme were a registered pension scheme, or
 - (ii) any payment in respect of the deceased member was made to the person of an annuity purchased using sums or assets out of a fund held for the purposes of a money purchase arrangement under an overseas pension scheme, or relevant non-UK scheme, that would be a payment of a dependants' short-term annuity, or dependants' annuity, purchased using sums or assets out of the person's dependant's drawdown pension fund in respect of the arrangement if the scheme were a registered pension scheme, and
 - (d) any of the sums or assets that made up the fund mentioned in paragraph (c)(i) or (ii) make up, or are represented by sums or assets that to any extent make up, the new fund.]

Textual Amendments

- F1** Ss. 646B-646F inserted (with effect in accordance with Sch. 4 para. 17(2) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 17\(1\)](#)

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