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**Changes to legislation:** There are currently no known outstanding effects for the Taxation of Pensions Act 2014, Cross Heading: Basic structure of the annual allowance charge. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 1

#### PENSION FLEXIBILITY ETC

#### PART 4

#### ANNUAL ALLOWANCES

##### *Basic structure of the annual allowance charge*

- 63 (1) Section 227 of FA 2004 (pensions under registered pension schemes: annual allowance charge) is amended as follows.
- (2) In subsection (1) (imposition of the charge) for the words from “where” to the end substitute “ where an individual who is a member of one or more registered pension schemes has a chargeable amount for a tax year. ”
- (3) After subsection (1) insert—
- “(1A) The chargeable amount (if any) is to be determined in accordance with section 227ZA.”
- (4) In subsection (4) (basic calculation of charge) for the words in the first sentence after “in respect of” substitute “ the chargeable amount. ”
- (5) In subsection (4A) (the appropriate rate) for “excess” (in each place) substitute “ chargeable amount ”.
- (6) In subsection (5) (excess is not income) for “That excess” substitute “ The chargeable amount ”.
- (7) In subsection (6) (further provision)—
- (a) before the entry for section 228 insert—
- “sections 227ZA and 227B (chargeable amount),  
sections 227C to 227G (supplemental provision for calculations under section 227B),”
- (b) in the entry for section 229, for “229” substitute “ 229(1) ”, and
- (c) after that entry insert— “ section 229(2) to (4) (how to arrive at the pension input amount in respect of an arrangement), ”.
- (8) The amendments made by this paragraph have effect for the tax year 2015-16 and subsequent tax years.
- 64 (1) In FA 2004 after section 227 insert—

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**“227ZA The chargeable amount**

- (1) The chargeable amount is the alternative chargeable amount (see section 227B) if—
    - (a) the year is—
      - (i) the tax year in which the individual first flexibly accesses pension rights (see section 227G), or
      - (ii) a tax year later than that tax year,
    - (b) the money-purchase input sub-total (see section 227C) exceeds £10,000, and
    - (c) the alternative chargeable amount exceeds the default chargeable amount.
  - (2) Otherwise, the chargeable amount is the default chargeable amount.
  - (3) The default chargeable amount is the amount (if any) by which—
    - (a) the total pension input amount calculated in accordance with section 229(1), exceeds
    - (b) the annual allowance for the year in the case of the individual (see sections 228(1) and 228A).”
- (2) The amendment made by this paragraph has effect for the tax year 2015-16 and subsequent tax years.

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