



Finance Act 2020

2020 CHAPTER 14

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Pensions

22 Annual allowance: tapered reduction

(1) In Part 4 of FA 2004 (pension schemes), section 228ZA (annual allowance charge: tapered reduction of annual allowance) is amended as follows.

(2) For subsection (1) substitute—

“(1) If the individual is a high-income individual for the tax year, the amount of the annual allowance for the tax year in the case of the individual is the amount specified for the tax year by or under section 228 reduced (but not below £4,000) by—

$$(AI - £240,000) \times \frac{1}{2}$$

where AI is the individual’s adjusted income for the tax year.”

(3) In subsection (3)—

- (a) in paragraph (a), for “£150,000” substitute “£240,000”;
- (b) in paragraph (b), for “£150,000 minus A” substitute “£240,000 minus the amount specified for the tax year by or under section 228”.

(4) The amendments made by this section have effect for the tax year 2020-21 and subsequent tax years.