

**2005 No. 723**

**INCOME TAX**

**The Retirement Benefits Schemes (Increase in Permitted  
Maximum in Transitional Cases) Order 2005**

*Made* - - - - - *16th March 2005*

*Laid before the House of Commons* *16th March 2005*

*Coming into force* - - - *6th April 2005*

The Treasury, in exercise of the powers conferred upon them by section 590(3) of the Income and Corporation Taxes Act 1988 (a) make the following Order:

**Citation and commencement**

1. This Order may be cited as the Retirement Benefits Schemes (Increase in Permitted Maximum in Transitional Cases) Order 2005 and shall come into force on 6th April 2005.

**Increase in permitted maximum**

2. In section 590(3) of the Income and Corporation Taxes Act 1988 as originally enacted (b) for “£100,000” substitute “£105,600”.

16th March 2005

*Jim Murphy*  
*Nick Ainger*  
Two of the Lords Commissioners of Her Majesty’s Treasury

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(a) 1988 c.1. Section 590(3) was amended, and words in paragraph (d), which are relevant for the purposes of the present instrument, were repealed, by paragraph 3(2) of Schedule 6 to the Finance Act 1989 (c. 26: “the 1989 Act”). By virtue of paragraph 18(2) of that Schedule, the repeal applies only if a scheme was not approved on the day on which the 1989 Act was passed, or if the scheme was in existence before 14th March 1989 but the member joined the scheme on or after 1st June 1989.

(b) The provision amended by this article was repealed for other purposes (see footnote (a) above).

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order increases, from £100,000 to £105,600, the permitted maximum used as part of the calculation of benefits payable to a class of employees from a retirement benefit scheme approved under Chapter 1 of Part 14 of the Income and Corporation Taxes Act 1988 (c. 1: “the Act”). It applies in the case of a scheme which was approved by the Board of Inland Revenue before the coming into force of the Finance Act 1989. It also applies in the case of an employee who, before 1st June 1989 joined a scheme which was in existence before 14th March 1989 and which was approved on or after 27th July 1989.

The permitted maximum referred to in this Order is different from that applying to most retirement benefit schemes. The permitted maximum (commonly known as the earnings cap) which is applicable to most schemes is contained in section 590C of the Act. The earnings cap in that section applies to retirement benefit schemes which were approved after 26th July 1989, except where the scheme was in existence before 14th March 1989, where it applies to members joining on or after 1st June 1989.

This Order does not impose new costs on business.

£3.00

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Stationery Office and Queen’s Printer of Acts of Parliament.  
E0560 3/2005 150560T 19585

ISBN 0-11-072601-4



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