SCHEDULES

SCHEDULE 17

ANNUAL ALLOWANCE CHARGE

PART 2

COMMENCEMENT AND TRANSITIONAL PROVISION

27 (1) The amendments made by Part 1 have effect for the tax year 2011-12 and subsequent tax years.

(2) Apart from the amendments made by paragraph 16(2) and (4), such of the amendments as apply in relation to pension input periods have effect in relation to pension input periods ending in the tax year 2011-12 but beginning earlier (as well as those beginning in that tax year).

28 (1) This paragraph applies where—

(a) the pension input period in respect of any arrangement relating to the individual which ends in the tax year 2011-12 begins before 14 October 2010 (a "straddling pension input period"), and

(b) the total pension input amount in the case of the individual for that tax year exceeds £50,000.

(2) The following provisions apply for arriving at the amount in respect of which the annual allowance charge is charged for that tax year (instead of the charge being in respect of the amount by which the total pension input amount exceeds the amount of the annual allowance).

(3) Treat each straddling pension input period as if it were 2 separate pension input periods—

(a) one beginning when the straddling pension input period begins and ending with 13 October 2010 (a "pre-announcement period"), and

(b) the other beginning with 14 October 2010 and ending when the straddling pension input period ends (a "post-announcement period").

And treat any pension input period in respect of any arrangement relating to the individual which ends in the tax year 2011-12 which is not a straddling pension input period as if it were a post-announcement period.

(4) Arrive at the pension input amount in respect of each post-announcement period (as if it were a pension input period ending in the tax year 2011-12) and aggregate those amounts.

(5) Deduct £50,000 from that aggregate.

The result (or, if a negative amount, nil) is the post-announcement periods total.

(6) Arrive at the pension input amount in respect of each pre-announcement period (as if it were a pension input period ending in the tax year 2011-12) and aggregate those amounts.

In the case of a defined benefits arrangement, subsections (4) and (5) of section 234 of FA 2004 are to apply for the purposes of this calculation as if the references to "16" were to "10".

(7) Deduct from that aggregate the difference between £255,000 and the lesser of—
   (a) £50,000, and
   (b) the aggregate arrived at under sub-paragraph (4).

The result (or, if a negative amount, nil) is the pre-announcement periods total.

(8) Aggregate the post-announcement periods total and the pre-announcement periods total.

(9) Deduct any amount by which (apart from this paragraph) the annual allowance in the case of the individual for the tax year would have been increased by virtue of section 228A of FA 2004 or, if less, by so much of any such amount as equals that aggregate.

(10) Any result is the amount in respect of which the annual allowance charge is charged for the tax year 2011-12.

29 Where paragraph 28 applies in the case of the individual, section 228A of FA 2004 has effect in the case of the individual for tax years subsequent to the tax year 2011-12—
   (a) as if the references in subsections (3)(a) and (b) of that section to the amount of the annual allowance for that tax year were to £50,000, and
   (b) as if any amount deducted under sub-paragraph (9) of that paragraph had been "used-up" within the meaning of that section.

30 (1) This paragraph has effect in relation to the application of section 228A of FA 2004 for the tax years 2011-12, 2012-13 and 2013-14.

(2) The assumptions in sub-paragraph (3) are to be made in determining—
   (a) whether the amount of the annual allowance for the tax years 2008-09, 2009-10 and 2010-11 exceeded the total pension input amount in the case of the individual for the tax year, and
   (b) whether any excess of the annual allowance over the total pension input amount in the case of the individual for any of those tax years has been used up.

(3) The assumptions are—
   (a) that the annual allowance for each of the tax years 2008-09, 2009-10 and 2010-11 was £50,000, and
   (b) that the provisions of Part 4 of FA 2004 apply in relation to pension input periods in respect of arrangements relating to the individual that end in any of those tax years subject to the amendments made by this Schedule (including that inserting section 228A).

31 In determining under section 233 of FA 2004 the pension input amount in respect of an arrangement relating to an individual for a pension input period of the arrangement that ends in the tax year 2009-10, 2010-11 or 2011-12, there is to be

deducted from what would otherwise be the pension input amount so much of any contributions refund lump sum (within the meaning of paragraph 15 of Schedule 35 to FA 2009) paid to the individual (or the personal representatives of the individual) as is attributable to contributions paid under the arrangement in the pension input period.

32 Section 237B has effect in relation to the tax year 2011-12 as if the reference in subsection (5)(a) of that section to 31 July in the year following that in which the tax year ends were to 31 December 2013.

33 Section 254(7A) has effect in relation to the tax year 2011-12 as if the reference in that provision to 31 December in the year following that in which the tax year ends were to 31 March 2014.

34 Expressions used in this Part of this Schedule and Part 4 of FA 2004 have the same meaning in this Part of this Schedule as in that Part of that Act.

Changes to legislation:
Finance Act 2011, Part 2 is up to date with all changes known to be in force on or before 04 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.
View outstanding changes

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:
Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 23 para. 45(1)(ia) inserted by 2017 c. 10 Sch. 11 para. 6(3)
- Sch. 23 para. 2(1A) inserted by S.I. 2019/397 reg. 2(2) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)
- Sch. 23 para. 15A inserted by S.I. 2019/397 reg. 2(3) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)