



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 9

#### PENSION INCOME

#### CHAPTER 15

##### VOLUNTARY ANNUAL PAYMENTS

### 633 Voluntary annual payments

- (1) This section applies to an annual payment which—
  - (a) is paid voluntarily, or
  - (b) is capable of being discontinued,if conditions A and B are met.
- (2) Condition A is that the payment is paid to—
  - (a) a former employee or a former office-holder,
  - (b) the widow or widower [<sup>F1</sup>or surviving civil partner] of a former employee or former office-holder, or
  - (c) any child, relative or dependant of a former employee or a former office-holder.
- (3) Condition B is that the payment is paid by or on behalf of—
  - (a) the person—
    - (i) who employed the former employee, or
    - (ii) under whom the former office-holder held the office, or
  - (b) the successors of that person.

*Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 15. (See end of Document for details)*

- (4) But this section applies to a payment which is paid by or on a behalf of a person who is outside the United Kingdom only if it is paid to a person resident in the United Kingdom.
- (5) In this section “office” includes in particular any position which has an existence independent of the person who holds it and may be filled by successive holders.

#### Textual Amendments

- F1** Words in s. 633(2)(b) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **159**

### 634 Taxable pension income: UK voluntary annual payments

- (1) The taxable pension income for payments to which section 633 applies is determined in accordance with this section if the payments are made by or on behalf of a person who is in the United Kingdom.
- (2) The taxable pension income for a tax year is the full amount of the payments accruing in that year irrespective of when any amount is actually paid.

### 635 Taxable pension income: foreign voluntary annual payments

- (1) The taxable pension income for payments to which section 633 applies is determined in accordance with this section if the payments are made by or on behalf of a person who is outside the United Kingdom.
- (2) The taxable pension income for a tax year is [<sup>F2</sup>the full amount of the pension income arising in the tax year, but subject to [<sup>F3</sup>subsection] (4)] .
- <sup>F4</sup>[<sup>F5</sup>(3) . . . . .
- (4) [<sup>F6</sup>The full amount of the pension income arising in the tax year ] is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of [<sup>F7</sup>ITTOIA 2005] (relevant foreign income: remittance basis and deductions and reliefs).
- (5) But if that pension income arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of [<sup>F8</sup>conditions B1 and B2 (and the reference to them in subsection (1))] and subsection (5)(a).
- (6) See also Chapter 4 of that Part (unremittable income).]

#### Textual Amendments

- F2** Words in s. 635(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 609\(2\)](#) (with [Sch. 2](#))
- F3** Word in s. 635(2) substituted (with effect in accordance with [Sch. 3 para. 2\(6\)](#) of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 3 para. 2\(4\)\(c\)\(i\)](#)
- F4** [S. 635\(3\)](#) omitted (with effect in accordance with [Sch. 3 para. 2\(6\)](#) of the amending Act) by virtue of [Finance Act 2017 \(c. 10\)](#), [Sch. 3 para. 2\(3\)](#)
- F5** [S. 635\(3\)-\(6\)](#) substituted for [s. 635\(3\)](#) (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 609\(3\)](#) (with [Sch. 2](#))

---

**Changes to legislation:** There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 15. (See end of Document for details)

---

- F6** Words in s. 635(4) substituted (with effect in accordance with Sch. 3 para. 2(6) of the amending Act) by Finance Act 2017 (c. 10), **Sch. 3 para. 2(4)(c)(ii)**
- F7** Words in s. 635(4) substituted (with effect in accordance with Sch. 3 para. 2(6) of the amending Act) by Finance Act 2017 (c. 10), **Sch. 3 para. 2(4)(c)(iii)**
- F8** Words in s. 635(5) substituted (with effect in accordance with Sch. 3 para. 2(6) of the amending Act) by Finance Act 2017 (c. 10), **Sch. 3 para. 2(5)**

### **636 Person liable for tax**

If section 633 applies, the person liable for any tax charged under this Part is the person receiving or entitled to the payment.

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 15.