



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 9

PENSION INCOME

CHAPTER 2

TAX ON PENSION INCOME

566 Nature of charge to tax on pension income and relevant definitions

- (1) The charge to tax on pension income under this Part is a charge to tax on that income excluding any exempt income.
- (2) “Pension income” means the pensions, annuities and income of other types to which the provisions listed in subsection (4) apply.

This definition applies for the purposes of the Tax Acts.

- (3) “Exempt income” means pension income on which no liability to income tax arises as a result of any provision of Chapters 16 to 18 of this Part.

This definition applies for the purposes of this Part.

- (4) These are the provisions referred to in subsection (2)—

<i>Provision</i>	<i>Income</i>	<i>Chapter (of this Part)</i>
Section 569	United Kingdom pensions	Chapter 3
Section 573	Foreign pensions	Chapter 4

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 2. (See end of Document for details)

Section 577	United Kingdom social security pensions	Chapter 5
[^{F1} Section 579A	Pensions under registered pension schemes	Chapter 5A]
Section 609	Annuities for the benefit of dependants	Chapter 10
Section 610	Annuities under sponsored superannuation schemes	Chapter 10
Section 611	Annuities in recognition of another's services	Chapter 10
Section 615	Certain overseas government pensions paid in the United Kingdom	Chapter 11
Section 619	The House of Commons Members' Fund	Chapter 12
F2	F2	F2
...
Section 629	Pre-1973 pensions paid under OPA 1973	Chapter 14
Section 633	Voluntary annual payments	Chapter 15
[^{F3} Section 636B	Pensions treated as arising from payment of trivial commutation lump sums and winding-up lump sums under registered pension schemes	Chapter 15A
Section 636C	Pensions treated as arising from payment of trivial commutation lump sum death benefits and winding-up lump sum death benefits under registered pension schemes	Chapter 15A]

Textual Amendments

- F1** Words in s. 566(4) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 3\(2\)](#) (with [Sch. 36](#))
- F2** Words in s. 566(4) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 3\(3\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))
- F3** Words in s. 566(4) inserted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 3\(4\)](#) (with [Sch. 36](#))

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 2. (See end of Document for details)

567 Amount charged to tax

- (1) The amount of pension income which is charged to tax under this Part for a particular tax year is as follows.
- (2) In relation to each pension, annuity or other item of pension income, the amount charged to tax is the “net taxable pension income” for the tax year.
- (3) The net taxable pension income for a pension, annuity or other item of pension income for a tax year is given by the formula—

TPI- DPI

where—

TPI means the amount of taxable pension income for that pension, annuity or item of pension income for that year (see subsection (4)), and

DPI means the total amount of any deductions allowed from the pension, annuity or item of pension income (see subsection (5)).

- (4) For the purposes of this Act—
 - (a) the amount of taxable pension income for a pension, annuity or other item of pension income for a tax year is determined in accordance with Chapters 3 to [F415A] of this Part (which contain provisions relating to this amount for each type of pension income); and
 - (b) in determining the amount of taxable pension income for a pension, annuity or other item of pension income, any exempt income is to be excluded.
- (5) The deductions allowed from a pension, annuity or other item of pension income are those under—
 - [F5section 567A (deduction to avoid double taxation where Part 7A has applied to the source of the pension income);]
 - section 617 (10% deduction from an overseas government pension to which section 615 applies);
 - Part 12 (payroll giving).

Textual Amendments

F4 Word in s. 567(4)(a) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 4](#) (with [Sch. 36](#))

F5 Words in s. 567(5) inserted (with effect in accordance with Sch . 2 para. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 26](#)

[F6567A Cases in which Part 7A has applied to source of pension income

- (1) This section applies if—
 - (a) for a tax year there is an amount (“amount TPI”) of taxable pension income for a pension, annuity or other item of pension income,
 - (b) the pension, annuity or other item of pension income accrues or arises out of rights (“the relevant rights”) which represent, or have arisen or derived (directly or indirectly) from, a sum of money or asset which was the subject of a relevant step within the meaning of Part 7A, and

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 2. (See end of Document for details)

- (c) Chapter 2 of that Part applied by reason of the relevant step.
- (2) A deduction is allowed from amount TPI.
- (3) The amount of the deduction allowed is the amount (“amount EI”) which counted as employment income of A under Chapter 2 of Part 7A in relation to the relevant step (see section 554Z2(1)).
- (4) If amount EI exceeds amount TPI, the excess is to be carried forward to future tax years to be deducted under this section (when applicable) until all of amount EI has been deducted.
- (5) Subsection (6) applies if it is determined on a just and reasonable basis that the relevant rights represent, or have arisen or derived from, only part of the sum of money or asset which was the subject of the relevant step.
- (6) In subsection (3) the reference to the amount which counted as employment income is to be read as a reference to the corresponding proportion of that amount.]

Textual Amendments

- F6** S. 567A inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 27](#)

568 Person liable for tax

For the provision identifying which person is liable for any tax charged under this Part on a pension, annuity or other item of pension income, see Chapters 3 to [^{F7}15A].

Textual Amendments

- F7** Word in s. 568 substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 31 para. 5](#) (with [Sch. 36](#))

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Chapter 2.