

*These notes refer to the Finance (No. 2) Act 2010
(c.31) which received Royal Assent on 27 July 2010*

FINANCE (NO. 2) ACT 2010

EXPLANATORY NOTES

Section 5: Power to Repeal High Income Excess Relief Charge

Background Note

5. Section 23 of and Schedule 2 to FA 2010 restrict tax relief for pension contributions made by or for the benefit of high income individuals. The charge, known as the high income excess relief charge, is on pension contributions for individuals whose gross income is £150,000 or more and whose relevant income is £130,000 or more.
6. Under Schedule 2 to FA 2010, the high income excess relief charge will come into force with effect from 6 April 2011.
7. In the Emergency Budget 2010, the Chancellor announced that the Government believes that the approach legislated for in Finance Act 2010 could have unwelcome consequences for pension saving, bring significant complexity to the tax system, and damage UK business and competitiveness. An alternative approach involving reform of the existing allowances, principally of a significantly reduced annual allowance, might better meet the Government's objectives. The Government wishes to engage employers, pension schemes, experts and other interested parties to determine the best design of a regime.
8. This power in this section allows the Government to repeal the legislation relating to the high income excess relief charge at any time before 31 December 2010.
9. The Government will repeal this legislation once it has decided the detail of its approach.