

# FINANCE ACT 2014

---

## EXPLANATORY NOTES

### INTRODUCTION

#### ***Section 45: Taxable specific income: effect on pension input amount for non-UK schemes***

#### **Summary**

1. This section amends Finance Act 2004 to prevent the amount that is tested against the annual allowance in respect of a relevant non-UK scheme from reducing as a result of the member having taxable specific income.
2. The section makes amendments to the “appropriate fraction” in paragraphs 10 and 11 of Schedule 34 to Finance Act 2004. Paragraphs 10 and 11 of Schedule 34 modify how the annual allowance charge applies in respect of a relevant non-UK scheme, when some or all of the pension input amounts are attributable to the member’s employer. The appropriate fraction is intended to reduce the value of the pension input amounts tested against the annual allowance when some of the member’s employment income for the tax year is not subject to UK tax.