

SCHEDULES

SCHEDULE 4

PENSIONS: ANNUAL ALLOWANCE

PART 2

ANNUAL ALLOWANCE FOR, AND CARRY-FORWARD FROM, 2015-16

6 In Part 4 of FA 2004, after section 228B insert—

“228C Annual allowance for, and carry-forward from, 2015-16

- (1) The provisions relating to the annual allowance charge (whether provisions contained in or made under this or any other Act) have effect subject to the following rules.

2015-16 split into two tax years for annual allowance purposes

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- (2) For the purposes of those provisions but subject to subsection (3), the tax year 2015-16 is to be treated as consisting of two tax years as follows—
- (a) one beginning with 6 April 2015 and ending with 8 July 2015 (“the pre-alignment tax year”), and
 - (b) one beginning with 9 July 2015 and ending with 5 April 2016 (“the post-alignment tax year”).
- (3) Despite subsection (2)—
- (a) separate annual allowance charges for each of the pre-alignment and post-alignment tax years cannot arise, but a single annual allowance charge for the tax year 2015-16 arises if the individual has a chargeable amount for either or each of the pre-alignment and post-alignment tax years, and
 - (b) that single annual allowance charge is calculated as if—
 - (i) in section 227(4) the reference to the chargeable amount were a reference to the sum of the chargeable amounts for the pre-alignment and post-alignment tax years, and
 - (ii) in section 227(4A) to (4C) each reference to the tax year were to the tax year 2015-16.

Double allowances allocated to earlier part of 2015-16

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- (4) For the pre-alignment tax year—

Status: This is the original version (as it was originally enacted).

- (a) the amount specified in section 228(1) (annual allowance for tax year) is treated as being £80,000, and
- (b) in each of sections 227ZA(1)(b) and 227B(1)(b) and (2), the reference to £10,000 is treated as a reference to £20,000.

Allowances for later part of 2015-16 limited to carried-forward allowances

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- (5) Where the individual was a member of a registered pension scheme at some time in the pre-alignment tax year then, for the post-alignment tax year—
 - (a) the amount specified in section 228(1) is treated as being nil,
 - (b) section 227B(2) (amount of alternative annual allowance) has effect as if “AA” were substituted for “AA – £10,000”,
 - (c) if the chargeable amount in the individual’s case for the pre-alignment tax year is the alternative chargeable amount, the reference to £10,000 in each of sections 227ZA(1)(b) and 227B(1)(b) is treated as being a reference to nil, and
 - (d) if the chargeable amount in the individual’s case for the pre-alignment tax year is the default chargeable amount, the reference to £10,000 in each of sections 227ZA(1)(b) and 227B(1)(b) is treated as being a reference—
 - (i) to nil where the money-purchase input sub-total in the individual’s case for the pre-alignment tax year is £20,000 or more, or
 - (ii) to the amount equal to £20,000 minus that sub-total where that sub-total is more than £10,000 but less than £20,000.

Limit on carry-forward of unused allowances from earlier part of 2015-16

Limit on carry-forward of unused allowances from earlier part of 2015-16

- (6) Where the current tax year for the purposes of section 228A (carry-forward of annual allowance) is the post-alignment tax year—
 - (a) if—
 - (i) the chargeable amount in the individual’s case for the pre-alignment tax year is the default chargeable amount, and
 - (ii) the excess mentioned in section 228A(5)(a) would otherwise be more than £40,000,
 that excess is treated as being £40,000, and
 - (b) if—
 - (i) the chargeable amount in the individual’s case for the pre-alignment tax year is the alternative chargeable amount, and
 - (ii) the excess mentioned in section 228A(5)(a) would otherwise be more than £30,000,
 that excess is treated as being £30,000.

Further provisions about carry-forward of unused allowances

Further provisions about carry-forward of unused allowances

Status: This is the original version (as it was originally enacted).

- (7) Where the current tax year for the purposes of section 228A is the post-alignment tax year or the tax year 2016-17, 2017-18 or 2018-19, section 228A applies in relation to that current tax year as if in section 228A(3)(b)—
- (a) for “either or both of the two” there were substituted “any one or more of the three”, and
 - (b) for “(or, where there is an excess for both of those tax years, the excess for both tax years)” there were substituted “(or, where there is an excess for two or all three of those tax years, the excess for both or all those tax years)”.
- (8) Where the current tax year for the purposes of section 228A is the tax year 2016-17, 2017-18 or 2018-19—
- (a) if—
 - (i) the chargeable amount in the individual’s case for the pre-alignment tax year is the default chargeable amount, and
 - (ii) the excess within section 228A(3)(b) in the case of the pre-alignment tax year would otherwise be more than £40,000, that excess is treated as being £40,000 (and accordingly the amount aggregated under section 228A(5) in respect of that excess is so much of the £40,000 as has not been used up),
 - (b) if—
 - (i) the chargeable amount in the individual’s case for the pre-alignment tax year is the alternative chargeable amount, and
 - (ii) the excess within section 228A(3)(b) in the case of the pre-alignment year would otherwise be more than £30,000, that excess is treated as being £30,000 (and accordingly the amount aggregated under section 228A(5) in respect of that excess is so much of the £30,000 as has not been used up), and
 - (c) in calculating for the purposes of section 228A(6) the amount of which of the excesses for different tax years had effect to reduce or eliminate the annual allowance charge for the post-alignment tax year, the amount of the excess for the pre-alignment tax year is to be taken to have done so before that for any other tax year and, subject to that, the amount of the excess for an earlier tax year is to be taken to have done so before that for a later year.

Supplementary provision

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- (9) For the pre-alignment tax year, section 229(3) applies as if the reference to the end of the tax year were a reference to the end of the post-alignment tax year.”