

2000 No. 2318

INCOME TAX

**The Personal Pension Schemes (Concurrent Membership)
Order 2000**

Made - - - - - 31st August 2000

Laid before the House of Commons 31st August 2000

Coming into force 6th April 2001

The Treasury, in exercise of the powers conferred on them by section 632B(4)(a) and (b) and (8) of the Income and Corporation Taxes Act 1988(a), hereby make the following Order:

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Personal Pension Schemes (Concurrent Membership) Order 2000 and shall come into force on 6th April 2001 immediately after the coming into force of paragraph 8 of Schedule 13 to the Finance Act 2000.

(2) In this Order, references to a section, without more, are references to that section of the Income and Corporation Taxes Act 1988.

Definition of remuneration

2. For the purposes of section 632B(1)(d), a person's "remuneration" from an office or employment means, in relation to a year of assessment, the total amount of the emoluments paid to him by the employer during that year, within the meaning in regulation 39(2)(b) of the Income Tax (Employments) Regulations 1993(b).

Calculation of a person's grossed-up remuneration from an office or employment

3.—(1) The figure referred to in section 632B(4)(a) shall be determined in accordance with paragraph (2) or (3).

(2) Where the person held the office or employment throughout the year of assessment in question the figure is 1.

(3) In any other case, the figure is determined in accordance with the following calculation:

Step One

Work out the number of months for which the person held the office or employment during the year of assessment in question (and any remaining fraction of a month shall count as a full month for this purpose).

(a) 1988 c. 1; section 632B was inserted by paragraph 8 of Schedule 13 to the Finance Act 2000 (c. 17).

(b) S.I. 1993/744; there are no relevant amendments.

Step Two

Divide the figure 12 by the figure resulting from Step One and round the result up or down (if necessary) to the nearest single decimal place.

The result is the figure to be applied in calculating the grossed-up remuneration of that person from that office or employment in that year of assessment.

Certificates of eligibility under section 632B

4.—(1) A member who claims to be eligible to make contributions to a personal pension scheme by virtue of section 632B in a year of assessment (the “relevant year”) subject to continued compliance with the requirements of section 632B for the remainder of the relevant year shall, on or before the making of the first such contribution to the scheme in the relevant year, provide to the scheme administrator of the scheme the certificate required by paragraph (3), subject to paragraph (4).

(2) In this article:—

“the qualifying year”, in relation to a relevant year, means—

- (a) any one of the five immediately preceding years of assessment (not being earlier than the year 2000–01), and
- (b) one in which the aggregate referred to in section 632B(1)(d) did not exceed the remuneration limit for the relevant year;

“certificated years” means, in a case where a certificate has been given under paragraph (3) identifying the qualifying year, the five years of assessment which immediately succeed that qualifying year, subject to paragraph (4)(b).

(3) The certificate required is one—

- (a) identifying the qualifying year;
- (b) that, in relation to the qualifying year, the aggregate referred to in section 632B(1)(d) did not exceed the remuneration limit for the relevant year;
- (c) that the total relevant contributions within the meaning of section 632B(b) for the relevant year will not exceed the earnings threshold for that year;
- (d) that the total relevant contributions for any certificated year will not exceed the earnings threshold for that year;
- (e) stating the full name and address of any person who pays the member the remuneration of any office or employment held by him to which section 645 applies; and
- (f) stating that he is not, and has not been, a controlling director in the relevant year or any of the five immediately preceding years of assessment (not being earlier than the year 2000–01).

(4) Where the relevant year is a certificated year (as the result of a certificate given in relation to a contribution made in an earlier year of assessment)—

- (a) the member is not obliged to provide a further certificate under paragraph (3), but
- (b) if he does so, the earlier certificate shall cease to have effect at the end of the year of assessment immediately preceding the relevant year first mentioned in this paragraph.

Greg Pope
Jim Dowd

31st August 2000

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

Section 632B of the Income and Corporation Taxes Act 1988 (“section 632B” and “the Taxes Act”) makes provision to allow a member of both a personal pension scheme and an approved retirement benefits scheme mentioned in section 645(3)(c) of the Taxes Act to make contributions to both schemes, in circumstances where the member’s earnings for the whole of a year of assessment are entirely from pensionable employment (earnings from pensionable employment is defined in section 645 of the Taxes Act). A member of both an approved retirement benefits scheme and a personal pension scheme who has a separate source of non-pensionable earnings, or who received earnings from pensionable employment for only part of a year of assessment, would be eligible to make contributions to a personal pension scheme under section 632A of the Taxes Act (and in these circumstances, section 632B does not apply).

There is an annual limit in section 632B on contributions to the personal pension scheme of £3,600 in each year of assessment, exclusions of “controlling directors” and limits on the remuneration levels of persons who can be contributors.

Article 2 of this Order defines “remuneration” for the purposes of section 632B.

Article 3 sets out the calculation of a person’s “grossed-up remuneration” for the purpose of calculating the remuneration limits.

Article 4 sets out details of the certificate which a member of a personal pension scheme, who claims to be eligible to make contributions under section 632B, has to give to the scheme administrator, before or when making the first such contribution in a year of assessment. That certificate, in conjunction with section 632B(1)(d), will enable the remuneration limit to be satisfied for the five years of assessment which succeed “the qualifying year” (subject to being superseded by another certificate).

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