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SCHEDULES

SCHEDULE 5

OCCUPATIONAL PENSION SCHEMES

PART III

CONSEQUENTIAL AMENDMENTS

Tax treatment of life assurance business

- 11 (1) In section 323(4) of the Taxes Act (definition of pension annuity business) after paragraph (a) insert
- “(aa) any contract (including a contract of insurance) entered into for the purposes of, and made with the persons having the management of, an exempt approved scheme as defined in Chapter II of Part II of the Finance Act 1970, being a contract so framed that the liabilities undertaken by the insurance company under the contract correspond with liabilities against which the contract is intended to secure the scheme”.
- (2) In relation to an exempt approved scheme the said paragraph (aa) shall apply, so long as the scheme is an exempt approved scheme, whether or not the premiums were paid, or any other part of the business was transacted, before the scheme became an approved scheme, and in the said section 323(4) the words " (at the time when the premium is payable)" shall cease to have effect.
- (3) Business formerly called " pension annuity business " shall in future be called pension business (because under sub-paragraph (1) above it includes some business unrelated to annuities), and in the following provisions of the Taxes Act (and in any other enactment) for " pension annuity business " substitute " pension business ".
- Section 312(1)(3)(4)
Section 314 (throughout)
Section 315(8)(b)
Section 318(1)
Section 323(4)
- (4) In section 323(2) of the Taxes Act at the end of the definition of " annuity business " add " ' general annuity business ' means any annuity business which is not pension business, and ' pension business ' shall be construed in accordance with subsections (3) and (4) below. "
- (5) For section 323(3) substitute
- “(3) Any division to be made between general annuity business, pension business and other life assurance business shall be made on the principle of—

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- (a) referring to pension business any premiums falling within subsection (4) below, together with the incomings, outgoings and liabilities referable to those premiums, and the policies and contracts under which they are or have been paid,
- (b) allocating to general annuity business all other annuity business, and references to " pension fund " and " general annuity fund " shall be construed accordingly, whether or not any such funds are kept separate from the insurance company's life assurance fund.”

(6) In the Taxes Act—

- (a) in section 312(2)(a) after " policy-holders " insert " other than holders of policies referable to pension business ".
- (b) in section 312(2)(c) for the words " in connection with the granting of annuities on human life " substitute " from pension business or general annuity business ".
- (c) in section 314(1) and (3)(b) for " annuity fund " substitute " life assurance fund and separate annuity fund, if any ".
- (d) in section 316(1) and (3) and 320(1) and (2) for " (excluding the annuity fund, if any) " substitute " (excluding the pension fund and general annuity fund, if any) ".
- (e) in section 316(3) for " annuity business " (at end of the subsection) substitute " general annuity and pension business ".
- (f) in section 328(1)(b) for " annuity business " substitute " pension business and general annuity business ".

Other amendments of Taxes Act

- 12 (1) In section 188(1) of the Taxes Act (exemptions and reliefs in respect of tax under section 187), after paragraph (c) insert—
- “(cc) a benefit provided in pursuance of any retirement benefits scheme where under section 23 of the Finance Act 1970 the employee (as defined for the purposes of that section) was chargeable to tax in respect of sums paid, or treated as paid, with a view to the provision of the benefit ”, ”,
- and at the end of paragraph (d) add " or in section 24(1) of the Finance Act 1970 ".
- (2) In section 211(5) of the Taxes Act (Parliamentary pension funds) for the words from " payable by a superannuation " to the end of the subsection substitute " payable by an exempt approved scheme as defined in Chapter II of Part II of the Finance Act 1970, and for the purposes of that Chapter (and the provisions to be construed as one with it) each such Fund shall be treated as an exempt approved scheme. "
- (3) In section 283(4) of the Taxes Act (definition of close company) after paragraph (b) insert—
- “(bb) if held on trust for an exempt approved scheme as defined in Chapter II of Part II of the Finance Act 1970, or”.
- (4) In the proviso to section 303 (3) of the Taxes Act (meaning of " associate ") after paragraph (i) insert—
- “(iA) if the trust relates exclusively to an exempt approved scheme as defined in Chapter II of Part II of the Finance Act 1970, or”.

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- (5) In the proviso to section 422(4), and in the proviso to section 423(1) of the Taxes Act (modification of pre-war provisions for tax free payments) at the end add " or by virtue of paragraph 1 of Part II of Schedule 5 to the Finance Act 1970 ".
- (6) At the end of paragraph 4(c) of Schedule 8 to the Taxes Act (payments on retirement or removal from office : top-slicing relief) add " or in pursuance of any exempt approved scheme as defined in Chapter II of Part II of the Finance Act 1970 ".
- (7) The repeal of Chapter II of Part I) of the Taxes Act by this Act shall not affect the following provisions of the Taxes Act (which apply definitions in section 224(1) in the said Chapter II), or any other enactment applying those definitions.
 - Section 186(10)(c).
 - Section 226(9).
 - The proviso to paragraph 4 of Schedule 8.

Amendment of Taxes Management Act 1970

- 13 In section 98 of the Management Act (penalties) in column 1 of the Table insert a reference at the appropriate place to paragraph 7 and sub-paragraph (2)(b) and (3) of paragraph 8 of Part II of this Schedule and in column 2 of the Table to sub-paragraph (2)(a) of the said paragraph 8.

Estate duty

- 14 In paragraph 10(c) of Part II of Schedule 17 to the Finance Act 1969 (estate duty: relief for certain superannuation funds) the reference to the schemes or funds there described shall include a reference to any exempt approved scheme or statutory scheme as defined in Chapter II of Part II of this Act.