



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 5

REGISTERED PENSION SCHEMES: TAX CHARGES

Annual allowance charge

227 Annual allowance charge

- (1) A charge to income tax, to be known as the annual allowance charge, arises where—
 - (a) the total pension input amount for a tax year in the case of an individual who is a member of one or more registered pension schemes, exceeds
 - (b) the amount of the annual allowance for the tax year.
- (2) The person liable to the annual allowance charge is the individual.
- (3) The individual is liable to the annual allowance charge whether or not—
 - (a) the individual, and
 - (b) the scheme administrator of the pension scheme or schemes concerned, are resident, ordinarily resident or domiciled in the United Kingdom.
- (4) The annual allowance charge is a charge at the rate of 40% in respect of the amount by which the total pension input amount exceeds the amount of the annual allowance.
- (5) That excess is not to be treated as income for any purpose of the Tax Acts.
- (6) The following sections make further provision about the annual allowance charge—
section 228 (annual allowance),

Status: *This is the original version (as it was originally enacted).*

section 229 (total pension input amount to be aggregate of pension input amounts for pension input periods ending in tax year),
sections 230 to 237 (pension input amounts), and
section 238 (pension input period).

- (7) Schedule 36 contains (in Part 4) transitional provision about the annual allowance charge.