

2006 No. 497

INCOME TAX

**The Taxation of Judicial Pensions (Consequential Provisions)
Order 2006**

Made - - - - - *28th February 2006*

Laid before the House of Commons *1st March 2006*

Coming into force - - - *6th April 2006*

The Treasury, in exercise of the powers conferred upon them by section 281(2) and (3) of the Finance Act 2004(a), make the following Order:

Citation and commencement

1. This Order may be cited as the Taxation of Judicial Pensions (Consequential Provisions) Order 2006 and shall come into force on 6th April 2006.

Interpretation

2. In this Order—

“the 1993 Act” means the Judicial Pensions and Retirement Act 1993(b),

“the 1981 Act” means the Judicial Pensions Act 1981(c),

“the 1960 Act” means the Resident Magistrates’ Pensions Act (Northern Ireland) 1960(d),

“the 1959 Act” means the County Courts Act (Northern Ireland) 1959(e).

Amendments of the 1993 Act

3.—(1) Section 3 of the 1993 Act (the appropriate annual rate) is amended as follows.

(2) In subsection (3)—

(a) in paragraph (a)(i) (definition of “pensionable pay”) omit “, within the meaning of section 590C(1) of the Income and Corporation Taxes Act 1988(f) (earnings cap),”;

(b) in paragraph (b) (definition of “pension-capped salary”) for the words from “, within the” to “assessment” substitute “does not exceed the permitted maximum for the tax year”.

(a) 2004 c. 12.

(b) 1993 c. 8; there are no relevant amendments.

(c) 1981 c. 20; section 33A was inserted by section 82(1) of the Courts and Legal Services Act 1990 (c. 41) and relevantly amended by Part 1 of Schedule 3 to the Judicial Pensions and Retirement Act 1993.

(d) 1960 c. 2; section 9A was inserted by Article 6 of the Judicial Pensions (Northern Ireland) Act 1991 (N.I. 24) and relevantly amended by Part 3 of Schedule 3 to the Judicial Pensions and Retirement Act 1993.

(e) 1959 c. 25; section 127A was inserted by Article 6 of the Judicial Pensions (Northern Ireland) Act 1991 and relevantly amended by Part 3 of Schedule 3 to the Judicial Pensions and Retirement Act 1993.

(f) 1988 c.1; section 590C was inserted by paragraph 4 of Schedule 6 to the Finance Act 1989 (c. 26).

(3) After subsection (3) insert—

“(3A) In subsection (3)(b) above “the permitted maximum” means—

- (a) in relation to the tax year 2005-06 and any earlier tax year, the permitted maximum within the meaning of section 590C(1) of the Income and Corporation Taxes Act 1988 (earnings cap) as it had effect for the tax year, and
- (b) in relation to the tax year 2006-07 and any later tax year, the amount arrived at under subsection (3B) below.

(3B) The permitted maximum for the tax year 2006-07 and any later tax year is the permitted maximum for the previous tax year increased (if there is a relevant increase in the retail prices index for the tax year) by the appropriate percentage for the tax year.

(3C) There is a relevant increase in the retail prices index for a tax year if the retail prices index for the month of September before the tax year is higher than it was for the previous September.

(3D) And the appropriate percentage for the tax year is the same percentage as the percentage increase in the retail prices index.

(3E) But if the result of the application of subsection (3B) above in relation to a tax year would not be a multiple of £600, the permitted maximum for that tax year is what it would be apart from this subsection rounded up to the nearest amount which is such a multiple.”.

(4) In subsection (6) (interpretation of section), insert at the end—

“, “retail prices index”, in relation to a month, means—

- (a) the general index of retail prices (for all items) published by the Office for National Statistics for the month, or
- (b) if that index is not published for the month, any substituted index or index figures published by that Office for the month, and

“tax year” and “the tax year 2006-07” (and corresponding expressions) have the meanings in section 279(1) of the Finance Act 2004.”.

Voluntary contributions

4.—(1) Section 10 of the 1993 Act (additional benefits from voluntary contributions) is amended as follows.

(2) In subsection (4) (what regulations may not do or must do) in paragraph (b), (which refers to a limit fixed by or under section 594 of the Income and Corporation Taxes Act 1988^(a)), omit “either or both of the following, that is to say” and sub-paragraph (ii) and the word “or” before it.

(3) In subsection (8) (interpretation)—

- (a) omit the definition of “relevant benefits”,
- (b) in the definition of “retained benefits”, omit “relevant” and for “has, or which may be expected to qualify for, tax-exemption or tax approval” substitute “is registered under Part 4 of the Finance Act 2004”, and
- (c) omit the definitions of “tax-exemption” and “tax-approval”.

Continuity of tax treatment

5. Section 18 of the 1993 Act (under which the scheme constituted by Part 1 of the 1993 Act is, for tax purposes, to be regarded as amendments of the statutory schemes constituted by or under the 1981 Act) shall cease to have effect.

(a) 1988 c. 1; there are no relevant amendments.

Section 19 scheme

6. In section 19 of the 1993 Act (benefits in respect of earnings in excess of pension-capped salary), omit subsection (4) (tax treatment).

Other amendments

7. The Schedule contains amendments of enactments other than the 1993 Act.

Vernon Coaker
Dave Watts

28th February 2006

Two of the Lords Commissioners of Her Majesty's Treasury

SCHEDULE

Article 7

1. The 1981 Act is amended as follows.
2. In section 33A (voluntary contributions)—
 - (a) in subsection (2) (what regulations may not do or must do), in paragraph (b), (which refers to a limit fixed by or under section 594 of the Income and Corporation Taxes Act 1988), omit “either or both of the following, that is to say” and sub-paragraph (ii) and the word “or” before it; and
 - (b) in subsection (9)—
 - (i) omit the definition of “relevant benefits”,
 - (ii) in the definition of “retained benefits”, omit “relevant” and for “has, or which may be expected to qualify for, tax-exemption or tax approval” substitute “is registered under Part 4 of the Finance Act 2004”, and
 - (iii) omit the definitions of “tax-exemption” and “tax-approval”.
3. The 1960 Act is amended as follows.
4. In section 9A (voluntary contributions)—
 - (a) in subsection (2) (what regulations may not do), in paragraph (b), (which refers to a limit fixed by or under section 594 of the Income and Corporation Taxes Act 1988), omit “either or both of the following, that is to say” and sub-paragraph (ii) and the word “or” before it; and
 - (b) in subsection (7)—
 - (i) omit the definition of “relevant benefits”,
 - (ii) in the definition of “retained benefits”, omit “relevant” and for “has, or which may be expected to qualify for, tax-exemption or tax approval” substitute “is registered under Part 4 of the Finance Act 2004”, and
 - (iii) omit the definitions of “tax-exemption” and “tax-approval”.
5. The 1959 Act is amended as follows.
6. In section 127A (voluntary contributions)—
 - (a) in subsection (2) (what regulations may not do), in paragraph (b), (which refers to a limit fixed by or under section 594 of the Income and Corporation Taxes Act 1988), omit “either or both of the following, that is to say” and sub-paragraph (ii) and the word “or” before it; and
 - (b) in subsection (7)—
 - (i) omit the definition of “relevant benefits”,
 - (ii) in the definition of “retained benefits”, omit “relevant” and for “has, or which may be expected to qualify for, tax-exemption or tax approval” substitute “is registered under Part 4 of the Finance Act 2004”, and
 - (iii) omit the definitions of “tax-exemption” and “tax-approval”.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes amendments to provisions of legislation for judicial pensions, consequential on the introduction (by the Finance Act 2004, and with effect from 6th April 2006) of a new regime for the taxation of pension schemes. The principal effect is to up-date references to the previous tax regime or create “stand-alone provisions” where the effect of previous references is preserved.

Article 1 provides for citation and commencement and Article 2 for interpretation.

Articles 3 to 6 contain amendments to the main Act, the Judicial Pensions and Retirement Act 1993. Article 3 replaces a reference to the “earnings cap” in the previous pension tax regime with a stand-alone provision having the same effect. Article 4 amends a provision for additional voluntary contributions to remove a reference to the earnings cap (leaving other limits under AVC Regulations). Articles 5 and 6 repeal provisions of the Act which will be redundant under the new pensions tax regime.

Article 7 and the Schedule make corresponding amendments to the earlier legislation contained in the Judicial Pensions Act 1981, the Resident Magistrates’ Pensions Act (Northern Ireland) 1960 and the County Courts Act (Northern Ireland) 1959.

This Order has no impact on business, charities or voluntary bodies.

STATUTORY INSTRUMENTS

2006 No. 497

INCOME TAX

**The Taxation of Judicial Pensions (Consequential Provisions)
Order 2006**

£3.00

ISBN 0-11-074128-5

© Crown copyright 2006

Printed and published in the UK by The Stationery Office Limited
under the authority and superintendence of Carol Tullo, Controller of Her Majesty's
Stationery Office and Queen's Printer of Acts of Parliament.

E0246 3/2006 160246T 19585

9 780110 741284