

2010 No. 536

INCOME TAX

The Taxation of Pensions Schemes (Rates, etc) Order 2010

Made - - - - *2nd March 2010*

Laid before the House of Commons *3rd March 2010*

Coming into force - - *24th March 2010*

The Treasury make this Order in exercise of the powers conferred by section 394(4) of the Income Tax (Earnings and Pensions) Act 2003(a) and section 205(5) of the Finance Act 2004(b).

Citation, commencement and effect

1.—(1) This Order may be cited as the Taxation of Pensions Schemes (Rates, etc) Order 2010 and shall come into force on 24th March 2010.

(2) This Order shall have effect for the tax year 2010-11 and subsequent tax years.

Amendment of section 394 of the Income Tax (Earnings and Pensions) Act 2003

2. In section 394(4) (charge on benefit to which this chapter applies) of the Income Tax (Earnings and Pensions) Act 2003 for “40%” substitute “50%”.

Amendment of section 205 of the Finance Act 2004

3.—(1) Section 205(4) (short service refund lump sum charge) of the Finance Act 2004 is amended as follows.

(2) In paragraph (a) for “£10,800” substitute “£20,000”.

(3) In paragraph (b) for “40%” substitute “50%”.

Dave Watts
Tony Cunningham

2nd March 2010

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 2003 c.1.
(b) 2004 c. 12.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes amendments to the rate of two tax charges applicable to pension schemes. The rate specified in section 394 of the Income Tax (Earnings and Pensions) Act 2003 which applies to the charge on “relevant benefits” contained in section 394(2) is increased from 40% to 50%. Section 205 of the Finance Act 2004 is amended to increase the limit for the lower rate from £10,800 to £20,000. The upper rate is increased from 40% to 50%. The amendments will take effect for the tax year 2010-11 and subsequent tax years.

A full Impact Assessment has not been produced for this instrument as a negligible impact on the voluntary or private sectors is foreseen.

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£4.00