



Isle of Man

Ellan Vannin

AT 6 of 2008

INCOME TAX (PENSIONS) ACT 2008



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**Isle of Man***Ellan Vannin*

INCOME TAX (PENSIONS) ACT 2008

<i>Received Royal Assent:</i>	<i>20 May 2008</i>
<i>Announced to Tynwald:</i>	<i>20 May 2008</i>
<i>Commenced:</i>	<i>15 July 2008</i>

AN ACT to amend the law relating to income tax in respect of retirement benefits schemes; and for connected purposes.

Withdrawals

- 1** [Inserts section 10A in the *Income Tax (Retirement Benefit Schemes) Act 1978*.]
- 2** **Personal pension schemes**
 - (1) [Amends section 3(1) of the *Income Tax Act 1989* as follows: paragraph (a) substitutes paragraph (a); paragraph (b) substitutes paragraph (c); paragraph (c) amends paragraph (e) by adding at the end the expression 'or 8A'; and paragraph (d) adds paragraph (f).]
 - (2) Subsection (1) applies only in respect of schemes approved after the date on which this section comes into operation.
 - (3) [Inserts section 4A in the *Income Tax Act 1989*.]
 - (4) [Amends section 5 of the *Income Tax Act 1989* by substituting subsections (1) and (2).]
 - (5) Inserts section 6A in the *Income Tax Act 1989*.]
 - (6) [Amends section 8 of the *Income Tax Act 1989* by substituting subsection (1).]
 - (7) [Inserts sections 8A and 8B in the *Income Tax Act 1989*.]
 - (8) [Inserts section 22A in the *Income Tax Act 1989*.]

Investment rules

- 3 [Amends section 3 of the *Income Tax (Retirement Benefit Schemes) Act 1978* by inserting subsection (2B).]
- 4 [Amends section 21 of the *Income Tax Act 1989* by adding subsections (3) and (4).]

*Trivial commutation***5 Occupational schemes: trivial commutation lump sums**

[Amends the *Income Tax (Retirement Benefit Schemes) Act 1978* as follows: paragraph (a) amends section 2(2) by inserting paragraph (ff); paragraph (b) amends section 2 by adding subsection (6); paragraph (c) amends section 9 by adding subsection (7); and paragraph (d) inserts section 10B.]

6 Personal pension schemes: trivial commutation lump sums

[Amends the *Income Tax Act 1989* as follows: paragraph (a) amends section 3(1)(b) by adding at the end 'or 5A'; paragraph (b) inserts section 5A; and paragraph (c) inserts section 22B.]

*Lump sums on retirement***7 Lump sum limit: occupational pension schemes**

[Amends section 2 of the *Income Tax (Retirement Benefit Schemes) Act 1978* as follows: paragraph (a) amends subsection (2)(h) by adding ', or' after 'contributor'; paragraph (b) amends subsection (2) by adding paragraph (i); and paragraph (c) adds subsection (7).]

8 Lump sum limit: personal pension schemes

- (1) [Amends section 5 of the *Income Tax Act 1989* by substituting subsection (3).]
- (2) [Amends section 5 of the *Income Tax Act 1989* by repealing subsection (4).]

9 Voluntary contributions: abolition of permitted maximum

- (1) [Amends sections 1(3)(d) and 9(1)(i) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by repealing the words '(disregarding any excess of that remuneration over the permitted maximum)'.]

- (2) [Amends section 14(1) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by repealing the definition of ‘the permitted maximum’.]
- (3) [Amends Schedule 5 to the *Income Tax Act 1989* by repealing paragraphs 1(1)(a), 5(1)(a) and 6(1)(a)(i).]

Lump sum - early payment

10 Payment of lump sums before normal retirement: occupational schemes

- (1) [Amends section 2(2) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by inserting paragraph (ee).]
- (2) [Inserts section 2A in the *Income Tax (Retirement Benefit Schemes) Act 1978*.]

11 Payment of lump sums before commencement of annuity or withdrawal of funds: personal pension schemes

- (1) [Amends section 5 of the *Income Tax Act 1989* as follows: paragraph (a) inserts in subsection (2) the expression ‘Subject to section 5B,’; and paragraph (b) adds subsection (6).]
- (2) [Inserts section 5B in the *Income Tax Act 1989*.]
- (3) [Amends section 3(1)(b) of the *Income Tax Act 1989* by substituting ‘section 5, 5A or 5B’ for ‘section 5 or 5A’.]

Continuation in employment

12 Payment of benefits while continuing in employment

- (1) [Amends section 2(2) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by inserting paragraph (dd).]
- (2) [Amends section 3 of the *Income Tax Act 1989* by adding subsection (3).]

Contributions - annual allowance, etc

13 Annual allowance for contributions: occupational pensionschemes

- (1) [Amends section 3(4A) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by substituting the words from ‘shall not exceed’ to ‘that year’.]
- (2) [Amends section 4(2A) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by substituting the words from ‘shall not exceed’ to ‘that year’.]
- (3) [Inserts section 2B in the *Income Tax (Retirement Benefit Schemes) Act 1978*.]

- (4) [Inserts section 11D in the *Income Tax (Retirement Benefit Schemes) Act 1978*.]
- (5) [Amends section 14(1) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by inserting the definitions of “annual allowance”, “minimum allowance” and “relevant earnings”.]

14 Annual allowance for contributions: personal pension schemes

- (1) [Amends section 1(1) of the *Income Tax Act 1989* by inserting the definition of “annual allowance”.]
- (2) [Substitutes section 11 of the *Income Tax Act 1989*.]
- (3) [Amends section 13 of the *Income Tax Act 1989* by inserting ‘(1)’ at the beginning insert and by adding subsections (2) and (3).]
- (4) [Inserts section 22C in the *Income Tax Act 1989*.]
- (5) Sections 14(1), (2), (4) and (5), 15 and 16 of the *Income Tax Act 1989* shall cease to have effect.
- (6) [Amends section 14(3) of the *Income Tax Act 1989* as follows: paragraph (a) deletes the expression ‘Without prejudice to subsection (1),’; and paragraph (b) deletes the word ‘net’.]

General

15 Miscellaneous amendments to the 1978 Act

- (1) [Amends section 1(3)(a) of the *Income Tax (Retirement Benefit Schemes) Act 1978* by deleting the words ‘(or, if the employee is a woman, 55)’.]
- (2) Subsection (1) applies only in respect of schemes approved after the date on which this paragraph comes into operation.
- (3) [Amends the *Income Tax (Retirement Benefit Schemes) Act 1978* as follows: paragraph (a) amends section 2(2)(g) by substituting the expression ‘approved insurer’ for the expression ‘insurance company’; paragraph (b) amends section 2 by repealing subsection (2A); paragraph (c) amends section 9 by repealing subsection (6); paragraph (d) amends section 14(1) by inserting the definition of ‘approved insurer’; and paragraph (e) amends paragraph 2(2) of Schedule 2 by repealing the words ‘(within the meaning given by section 1(1) of the *Income Tax Act 1989*)’.]
- (4) [Amends Schedule 5 to the *Insurance Act 1986* by repealing paragraph 6.]
- (5) [Amends section 11B of the *Income Tax (Retirement Benefit Schemes) Act 1978* as follows: paragraph (a) substitutes the word ‘payer’ for the word ‘payee’, wherever it occurs; and paragraph (b) substitutes in subsection (1) the expression ‘a proportion of the payment calculated at

the prescribed rate (within the meaning of section 1 of the principal Act) for the expression ‘20% of the amount of the payment’.]

- (6) [Amends Schedule 2 to the *Income Tax (Retirement Benefit Schemes) Act 1978* as follows: paragraph (a) inserts paragraph 5A; and paragraph (b) substitutes in paragraph 7 the expression ‘and shall be liable on summary conviction to a fine of £5,000.’ for the words from ‘under the principal Act’ to the end.]

16 Miscellaneous amendments to 1989 Act

- (1) [Amends section 1(1) of the *Income Tax Act 1989* in the definition of ‘personal pension scheme’ by inserting the expression ‘, the withdrawal of funds’.]
- (2) [Amends section 17 of the *Income Tax Act 1989* as follows: paragraph (a) repeals in subsection (2)(a) the words ‘other than a pensionable office or employment’; and paragraph (b) substitutes subsection (3).]
- (3) Sections 12(3), 18 and 19 of the *Income Tax Act 1989* shall cease to have effect.
- (4) [Amends section 17 of the *Income Tax Act 1989* by adding subsections (7) and (8).]
- (5) [Inserts section 23A of the *Income Tax Act 1989*.]
- (6) Part II of Schedule 5 to the *Income Tax Act 1989* shall cease to have effect.

17 Amendment to 1970 Act

- (1) [Substitutes section 50B of the *Income Tax Act 1970*.]
- (2) Section 8 of the *Income Tax Act 1995* is repealed.

18 Interpretation

In this Act —

“the 1970 Act” means the *Income Tax Act 1970*;

“the 1978 Act” means the *Income Tax (Retirement Benefit Schemes) Act 1978*;

“the 1989 Act” means the *Income Tax Act 1989*.

19 Short title and commencement

- (1) This Act may be cited as the Income Tax (Pensions) Act 2008.
- (2) This Act shall come into force on such day as the Treasury may by order appoint and different days may be so appointed for different provisions and for different purposes.
- (3) An order under subsection (2) may —

- (a) provide for this Act or any provision of this Act to have effect in respect of a year of assessment specified in the order, including the year of assessment in which the order is made;
- (b) make such transitional provisions or savings as the Treasury may consider necessary in connection with any provision brought into force by the order.¹

ENDNOTES**Table of Legislation History**

Legislation	Year and No	Commencement

Table of Renumbered Provisions

Original	Current

Table of Endnote References

¹ ADO (whole Act) 15/7/2008 effective income tax year commencing 6/4/2008 and subsequent years (SD432/08).