



**Isle of Man**

*Ellan Vannin*

**AT 10 of 1989**

**INCOME TAX ACT 1989**





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*Ellan Vannin*

## INCOME TAX ACT 1989

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**Isle of Man***Ellan Vannin*

## INCOME TAX ACT 1989

*Received Royal Assent:* 12 July 1989

*Passed:* 12 July 1989

*Commenced:* See Act provisions, otherwise on passing

AN ACT to make further provision in relation to income tax; to amend enactments relating to income tax; and for connected purposes.

**GENERAL NOTE:** The maximum fines in this Act are as increased by the *Criminal Justice (Penalties, Etc.) Act 1993* s 1.

### PART 1 – PERSONAL PENSION SCHEMES

#### *Preliminary*

#### **1 Interpretation: Part 1**

[P1987/51/18]

(1) In this Part —

“**annual allowance**” means £50,000 or such amount as is prescribed by regulations made by the Treasury;<sup>1</sup>

“**approved**” —

- (a) in relation to a scheme, means approved by the Assessor under this Part, and
- (b) in relation to arrangements, means made in accordance with a scheme which is for the time being, and was when the arrangements were made, an approved scheme,

but does not refer to cases in which approval has been withdrawn;

“**approved insurer**” means an insurer approved by the Assessor for this purpose and such an approval may specify named insurers or classes of insurers which are to be treated as approved;

“**collective investment scheme**” has the same meaning as in the *Collective Investment Schemes Act 2008*, except that the Treasury may by order modify that meaning for the purposes of this Part;<sup>2</sup>

“**member**”, in relation to a personal pension scheme, means an individual who makes arrangements in accordance with the scheme;

“**personal pension arrangements**” means arrangements made by an individual in accordance with a personal pension scheme;

“**personal pension scheme**” means a scheme whose sole purpose is the provision of annuities, the withdrawal of funds or lump sums under arrangements made by individuals in accordance with the scheme;<sup>3</sup>

“**scheme administrator**” means the person referred to in section 9;

“**unit**” has the same meaning as in the *Collective Investment Schemes Act 2008*.<sup>4</sup>

(2) In this Part —

- (a) references to the Social Security Act 1986 (an Act of Parliament) are references to that Act and any such Act or any statutory provision amending or replacing it as those Acts or provisions have effect in the Island;
- (b) references to an employee or to an employer include references to the holder of an office or to the person under whom the office is held.

## 2 Approval of schemes

[P1987/51/19]

- (1) An application to the Assessor for his approval of a personal pension scheme shall be in such form, shall contain such information, and shall be accompanied by such documents (in such form) as he may require.
- (2) The Assessor may at his discretion grant or refuse an application for approval of a personal pension scheme, but his discretion shall be subject to the restrictions set out in sections 3 to 12.
- (3) The Assessor shall give written notice to the applicant of the grant or refusal of an application; and in the case of a refusal the notice shall state the grounds for the refusal.
- (4) If an amendment is made to an approved scheme without being approved by the Assessor, his approval of the scheme shall cease to have effect.



*Restrictions on approval: establishment and benefits***3 Scope of benefits**

[P1987/51/21]

- (1) The Assessor shall not approve a personal pension scheme which makes provision for any benefit other than —
  - (a) the payment of —
    - (i) an annuity satisfying the conditions in section 4;
    - (ii) a sum or sums representing the withdrawal of funds and satisfying the requirements of section 4A and regulations made under that section;<sup>5</sup>
  - (b) the payment to a member of a lump sum satisfying the conditions in section 5, 5A or 5B;<sup>6</sup>
  - (c) the payment after the death of a member of —
    - (i) an annuity satisfying the conditions in section 6;
    - (ii) a sum or sums representing the withdrawal of funds and satisfying the requirements of section 6A and regulations made under that section;<sup>7</sup>
  - (d) the payment on the death of a member of a lump sum satisfying the conditions in section 7;
  - (e) the payment on the death of a member of a lump sum satisfying the conditions in section 8 or 8A;<sup>8</sup>
  - (f) the payment after the death of a member of a lump sum satisfying the conditions in section 8B.<sup>9</sup>
- (2) Subsection (1) shall not prevent the approval of a scheme which makes provision for insurance against a risk relating to the non-payment of contributions.
- (3) Subsection (1) shall not prevent the approval of a scheme which permits the receipt of benefits by a member while continuing in employment.<sup>10</sup>

**4 Annuity to member**

[P1987/51/22]

- (1) The annuity must be payable by an approved insurer which may be chosen by the member.
- (2) Subject to subsection (3), the annuity must not commence before the member attains the age of 50 or after he attains the age of 75.
- (3) The annuity may commence before the member attains the age of 50 if —
  - (a) it is payable on his becoming incapable through infirmity of body or mind of carrying on his own occupation or any occupation of a similar nature for which he is trained or fitted, or

- (b) the Assessor is satisfied that his occupation is one in which persons customarily retire before that age.
- (4) Subject to subsection (5), the annuity must be payable to the member for his life.
- (5) The annuity may continue for a term certain not exceeding ten years, notwithstanding the member's death within that term; and for this purpose an annuity shall be regarded as payable for a term certain notwithstanding that it may terminate, after the death of the member and before the expiry of that term, on the happening of any of the following —
  - (a) the marriage of the annuitant;
  - (aa) the signing of a civil partnership schedule by the annuitant;<sup>11</sup>
  - (b) his attaining the age of eighteen;
  - (c) the later of his attaining that age and ceasing to be in full-time education.
- (6) The annuity must not be capable of assignment or surrender, except that an annuity for a term certain may be assigned by will or by the annuitant's personal representatives in the distribution of his estate so as to give effect to a testamentary disposition, or to the rights of those entitled on an intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.

#### **4A Withdrawal of funds during life of member**

- (1) Subject to subsection (2), the withdrawal of funds must not commence before the member attains the age of 50 or after the member attains the age of 75.
- (2) The withdrawal of funds may commence before the member attains the age of 50 if —
  - (a) it is payable on the member becoming incapable through infirmity of body or mind of carrying on the member's own occupation or any occupation of a similar nature for which the member is trained or fitted, or
  - (b) the Assessor is satisfied that the member's occupation is one in which persons customarily retire before that age.
- (3) Regulations may be made by the Treasury for the purposes of section 3(1)(a)(ii) to impose requirements that must be satisfied in respect of arrangements for the withdrawal of funds from approved schemes.
- (4) Without prejudice to the generality of the powers in subsection (3), regulations under that subsection may —
  - (a) provide rules for the determination of the meaning of "withdrawal of funds" for the purposes of this section;

- (b) provide for the circumstances in which funds may or may not be withdrawn;
  - (c) include conditions and limitations on such withdrawal, which may be by reference to the benefits provided by the scheme, the investments held for the purposes of the scheme, the manner in which the scheme is administered, the person entitled to or receiving the income or any other circumstances whatever; and
  - (d) specify the withdrawals to which approvals under section 3(1)(a)(ii) may apply.
- (5) Regulations under this section shall not come into operation unless they are approved by Tynwald.<sup>12</sup>

## 5 Lump sum to member

- (1) The lump sum must be payable only if the member so elects on or before the date on which —
- (a) an annuity satisfying the conditions in section 4 is first payable to the member;
  - (b) a withdrawal of funds satisfying the requirements of section 4A and regulations made under that section is first payable to the member,
- under the arrangements made in accordance with the scheme.<sup>13</sup>
- (2) Subject to section 5B, the lump sum must be payable when that annuity or the sum representing the withdrawal of funds is first payable.<sup>14</sup>
- (3) The lump sum must not exceed 30% of the total value, at the time when the lump sum is paid, of the benefits for the member provided for by the arrangements made by the member in accordance with the scheme.<sup>15</sup>
- (4) [Repealed]<sup>16</sup>
- (5) The right to payment of the lump sum must not be capable of assignment or surrender.
- (6) Where a lump sum is paid in accordance with this section, the scheme administrator must within 3 months of the payment of that sum give notice of the payment to the Assessor in such form as the Assessor requires.<sup>17</sup>

## 5A Payment of trivial commutation lump sum

- (1) This section applies where a payment of a trivial commutation lump sum becomes payable to a member of a scheme.
- (2) The Treasury may by regulations —

- (a) make provision for the circumstances in which a lump sum will be treated as a trivial commutation lump sum for the purposes of this Act;
  - (b) provide for the method of calculating a trivial commutation lump sum;
  - (c) fix a commutation limit which may apply in respect of single schemes or as an aggregate limit for all schemes of which a person is a member; and
  - (d) specify the factors to be taken into account in determining whether the commutation limit is exceeded or not.
- (3) Regulations under this section must not come into operation unless they are approved by Tynwald.<sup>18 19</sup>

### **5B Lump sum to member before commencement of annuity or withdrawal of funds: conditions**

- (1) If the scheme provides for early payment to a member of a lump sum that does not satisfy section 5(2), the Assessor may approve the scheme if it satisfies the following conditions –
- (a) the lump sum must not be paid before the member attains the minimum age at which an annuity or withdrawal of funds can commence under section 4(2) or (3) but must be paid before payment of the annuity or withdrawal commences;
  - (b) the amount of the lump sum must be calculated as at the date on which an annuity or withdrawal of funds is first payable by reference to the then known circumstances and on the assumption that the other relevant benefits are calculated and taken on that date;
  - (c) where a member elects for a lump sum payable in accordance with this section, the remainder of the member's fund after payment of the lump sum is to be available only for the purpose of purchasing an annuity or for the withdrawal of funds in accordance with section 3(1)(a)(ii).
- (2) Where a lump sum is paid in accordance with this section, the scheme administrator must within 3 months of the payment of that sum give notice of the payment to the Assessor in such form as the Assessor requires.<sup>20</sup>

## **6 Annuity after death of member**

[P1987/51/24]

- (1) The annuity must be payable by an approved insurer which may be chosen by the member or by the annuitant.

- (2) The annuity must be payable to the surviving spouse or civil partner of the member, or to a person who was at the member's death a dependant of his.<sup>21</sup>
- (3) The aggregate annual amount (or, if that amount varies, the aggregate of the initial annual amounts) of all annuities to which this section applies and which are payable under the same personal pension arrangements shall not exceed —
  - (a) where before his death the member was in receipt of an annuity under the arrangements, the annual amount (or if it varied, the highest annual amount) of that annuity, or
  - (b) where paragraph (a) above does not apply, the highest annual amount of the annuity that would have been payable under the arrangements to the member (ignoring any entitlement of his to commute part of it for a lump sum) if it had vested on the day before his death.
- (4) Subject to subsections (5) to (9), the annuity must be payable for the life of the annuitant.
- (5) Where the annuity is payable to the surviving spouse or civil partner of the member and at the time of the member's death the surviving spouse or civil partner is under the age of 60, the annuity may be deferred to a time not later than —
  - (a) the time when the surviving spouse or civil partner attains that age, or
  - (b) where the member's annuity is payable to the surviving spouse or civil partner for a term certain as mentioned in section 4(5) and the surviving spouse or civil partner attains the age of 60 before the time when the member's annuity terminates, that time.<sup>22</sup>
- (6) The annuity may cease to be payable when the annuitant marries or forms a civil partnership.<sup>23</sup>
- (7) Where the annuity is payable to the surviving spouse or civil partner of the member, it may cease before the death of the surviving spouse or civil partner if —
  - (a) the member was survived by one or more dependants under the age of 18 and at the time of the member's death the surviving spouse or civil partner was under the age of 45, and
  - (b) at some time before the surviving spouse or civil partner attains that age no such dependant remains under the age of 18.<sup>24</sup>
- (8) Where the annuity is payable to a person who is under the age of 18 when it is first payable, it must cease to be payable either —
  - (a) on his attaining that age, or

- (b) on the later of his attaining that age and ceasing to be in full-time education,
- unless he was a dependant of the member otherwise than by reason only that he was under the age of 18.
- (9) The annuity may continue for a term certain not exceeding ten years, notwithstanding the original annuitant's death within that term; and for this purpose an annuity shall be regarded as payable for a term certain notwithstanding that it may terminate, after the death of the original annuitant and before the expiry of that term, on the happening of any of the following —
- (a) the marriage of the annuitant to whom it is payable;
  - (aa) the formation of a civil partnership by the annuitant;<sup>25</sup>
  - (b) the annuitant attaining the age of eighteen;<sup>26</sup>
  - (c) the later of the annuitant attaining that age and ceasing to be in full-time education.<sup>27</sup>
- (10) The annuity must not be capable of assignment or surrender, except that an annuity for a term certain may be assigned by will or by the annuitant's personal representatives in the distribution of his estate so as to give effect to a testamentary disposition, or to the rights of those entitled on an intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.

## 6A Withdrawal of funds after death of member

- (1) The withdrawal of funds after the death of a member may be made in accordance with this section and regulations made under subsection (3).
- (2) A withdrawal of funds may only be paid to —
- (a) the surviving spouse or civil partner of the member; or<sup>28</sup>
  - (b) a person who was at the member's death a dependant of the member.
- (3) Regulations may be made by the Treasury for the purposes of section 3(1)(c)(ii) to impose requirements that must be satisfied in respect of arrangements for the withdrawal of funds from approved schemes.
- (4) Without prejudice to the generality of the powers in subsection (3), regulations under that subsection may —
- (a) provide rules for the determination of the meaning of "withdrawal of funds" for the purposes of this section;
  - (b) provide for the circumstances in which funds may or may not be withdrawn;
  - (c) include conditions and limitations on such withdrawal, which may be by reference to the benefits provided by the scheme, the

investments held for the purposes of the scheme, the manner in which the scheme is administered, the person entitled to or receiving the income or any other circumstances whatever; and

- (d) specify the withdrawals to which approvals under section 3(1)(c)(ii) may apply.
- (5) Regulations under this section shall not come into operation unless they are approved by Tynwald.<sup>29</sup>

## **7 Lump sum on death of member**

[P1987/51/25]

- (1) The lump sum must be payable by an approved insurer.
- (2) The lump sum must be payable on the death of the member before he attains the age of 75.

## **8 Return of contributions on death of member**

- (1) The lump sum must be payable only if —
  - (a) no annuity satisfying the conditions in either section 4 or section 6; and
  - (b) no withdrawal of funds satisfying the requirements of section 4A or 6A and regulations made under those sections (as appropriate), has become payable.<sup>30</sup>
- (2) Subject to subsection (3), the lump sum must represent no more than the return of contributions, together with reasonable interest on contributions or bonuses out of profits.
- (3) To the extent that contributions are invested in units under a collective investment scheme, the lump sum may represent the sale or redemption price of the units.

## **8A Tax on balance of member's funds on death of member after commencement of payment of benefits**

- (1) This section applies where —
  - (a) an annuity satisfying the conditions in section 4; or
  - (b) a withdrawal of funds satisfying the requirements of section 4A and regulations made under that section,has become payable to the member before death but the scheme holds member's funds after that member's death in circumstances where section 8B does not apply.
- (2) The value of the member's funds is chargeable to income tax in the hands of the scheme administrator and accordingly the reference to "income tax"

in section 114 of the 1970 Act shall include a reference to the tax payable under this section.

- (3) Where the value of the member's funds is subject to tax under subsection (2), income tax calculated at the prescribed rate (within the meaning of section 1 of the 1970 Act) shall be payable to the Assessor by the scheme administrator as a debt due in all respects as income tax due under the Income Tax Acts.
- (4) The tax payable to the Assessor under subsection (3) shall be accounted for and paid over to the Assessor by the scheme administrator —
  - (a) on or before the date on which the member's funds are distributed;  
or
  - (b) within 6 months of the date of death of the member,whichever is the earlier.
- (5) Any tax paid by under subsection (4), shall be deducted from the value of the member's funds.
- (6) The Treasury may make such regulations as are necessary for the purpose of implementing this section.
- (7) Without prejudice to the generality of subsection (6), regulations made under subsection (6) may provide for the method by which the value of the member's funds may be calculated and different methods may be provided for different purposes.
- (8) Regulations under subsection (6) shall not come into operation unless they are approved by Tynwald.<sup>31</sup>

### **8B Tax on balance of member's funds after death of member - supplementary**

- (1) This section applies where —
  - (a) an annuity satisfying the conditions in section 6; or
  - (b) a withdrawal of funds satisfying the requirements of section 6A and regulations made under that section,has become payable after the death of the member but the scheme holds member's funds following the cessation of the annuity or the final withdrawal of funds (as the case may be).
- (2) The value of the member's funds is chargeable to income tax in the hands of the scheme administrator and accordingly the reference to "income tax" in section 114 of the 1970 Act shall include a reference to the tax payable under this section.
- (3) Where the value of the member's funds is subject to tax under subsection (2), income tax calculated at the prescribed rate (within the meaning of section 1 of the 1970 Act) shall be payable to the Assessor by



the scheme administrator as a debt due in all respects as income tax due under the Income Tax Acts.

- (4) The tax payable to the Assessor under subsection (3) shall be accounted for and paid over to the Assessor by the scheme administrator —
- (a) on or before the date on which the member's funds are distributed; or
  - (b) within 6 months of the date of cessation of the annuity or the final withdrawal of funds,
- whichever is the earlier.
- (5) Any tax paid by under subsection (4), shall be deducted from the value of the member's funds.
- (6) The Treasury may make such regulations as are necessary for the purpose of implementing this section.
- (7) Without prejudice to the generality of subsection (6), regulations made under subsection (6) may provide for the method by which the value of the member's funds may be calculated and different methods may be provided for different purposes.
- (8) Regulations under subsection (6) shall not come into operation unless they are approved by Tynwald.<sup>32</sup>

*Other restrictions on approval*

**9 Scheme administrator**

[P1987/51/27]

The Assessor shall not approve a personal pension scheme unless he is satisfied that there is a person resident in the Island who will be responsible for the management of the scheme.

**10 Transfer payments**

[P1987/51/28]

The Assessor shall not approve a personal pension scheme unless it makes such provision for the making, acceptance and application of transfer payments as satisfies any requirements imposed by or under regulations made by the Treasury.

**11 Excess contributions**

The Assessor shall not approve a personal pension scheme unless it makes provision, in relation to arrangements made in accordance with the scheme for ensuring that the aggregate of all contributions in any year of assessment (whether under a single scheme or under two or more schemes) do not exceed the annual allowance.<sup>33</sup>

## 12 Restriction on contributors

[P1987/51/30]

- (1) The Assessor shall not approve a personal pension scheme which permits the acceptance of contributions other than —
  - (a) contributions by members;
  - (b) contributions by employers of members;
  - (c) minimum contributions paid by the Treasury under Part I of the Social Security Act 1986.<sup>34</sup>
- (2) The Assessor shall not approve a personal pension scheme which permits the acceptance of minimum contributions paid as mentioned in subsection (1)(c) in respect of an individual's service as director of a company, if his remuneration as such is within section 17(4)(c).
- (3) [Repealed]<sup>35</sup>

*Tax consequences of approval: members' contributions*

## 13 Deduction from relevant earnings

[P1987/51/31]

- (1) A contribution paid by an individual under approved personal pension arrangements made by him shall, subject to the provisions of this Part, be deducted from or set off against any relevant earnings of his for the year of assessment in which the payment is made, subject to section 37B.<sup>36</sup>
- (2) The amount allowed to be deducted by virtue of subsection (1) in respect of contributions paid by an individual in a year of assessment (whether under a single scheme or under two or more schemes) shall not exceed —
  - (a) in the case of a person whose relevant earnings from all sources in that year are not less than the annual allowance, the annual allowance;
  - (b) in the case of a person whose relevant earnings from all sources in that year are less than the annual allowance but are not less than the minimum allowance, those earnings;
  - (c) in the case of a person whose relevant earnings from all sources in that year are less than the minimum allowance in any year of assessment, the minimum allowance.<sup>37</sup>
- (3) In this section, "minimum allowance" means £3,600 or such other sum as is prescribed in regulations made by the Treasury with the approval of Tynwald.<sup>38</sup>

**14 Limit on deductions**

[P1987/51/32]

- (1) [Repealed]<sup>39</sup>
- (2) [Repealed]<sup>40</sup>
- (3) The maximum amount that may be deducted or set off in any year of assessment in respect of contributions paid by an individual to secure benefits satisfying the conditions in section 7 shall be 5 per cent. of the individual's relevant earnings for that year.<sup>41</sup>
- (4) and (5) [Repealed]<sup>42</sup>

**15 and 16 [Repealed]<sup>43</sup>****17 Meaning of “relevant earnings”**

[P1987/51/35]

- (1) In this Part “relevant earnings”, in relation to an individual, means any income of his which is chargeable to tax for the year of assessment in question and is within subsection (2).
- (2) Subject to subsections (3) to (4), income is within this subsection if it is —
  - (a) income arising in respect of remuneration from an office or employment of profit held by the individual;<sup>44</sup>
  - (b) income from any property which is attached to or forms part of the remuneration from an office or employment held by him;
  - (c) income which is immediately derived by him from the carrying on or exercise by him of his trade, profession or vocation (either as an individual or as a partner acting personally in a partnership);
  - (d) income treated as earned income by virtue of its being income from patent rights arising to the individual where the patent was granted for an invention actually devised by him, whether alone or with any other person.
- (3) In subsection (1), “income” means income after —
  - (a) deductions under sections 31 and 31B of the 1970 Act; and
  - (b) deductions in respect of losses or capital allowances, being losses or capital allowances arising from activities profits or gains of which would be included in computing the relevant earnings.<sup>45</sup>
- (4) The following are not income within subsection (2) —
  - (a) anything in respect of which tax is chargeable and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares;

- (b) anything in respect of which tax is chargeable by virtue of section 48A of the 1970 Act (payments on termination of employment, etc.);
  - (c) any remuneration of an individual as director of an investment company which, either alone or together with other persons who are or have been at any time directors of the company, he controls.
- (5) For the purposes of subsection (4)(c) –
- (a) “director” includes any person occupying the position of director by whatever name called; and
  - (b) “controls” shall be construed in accordance with section 119A of the 1970 Act.
- (6) Notwithstanding that a valid election is in force under section 65A of the 1970 Act (election for joint assessment), for the purposes of this Part, an individual’s relevant earnings shall not include any income of the spouse or civil partner of that individual.<sup>46</sup>
- (7) The Treasury may by regulations amend the definition of “relevant earnings” and may amend this section accordingly.<sup>47</sup>
- (8) Regulations under subsection (7) shall not come into operation unless they are approved by Tynwald.<sup>48</sup>

## 18 and 19 [Repealed]<sup>49</sup>

### *Other tax consequences of approval*

## 20 Employer’s contributions

[P1987/51/38]

Where contributions are paid by an employer under approved personal pension arrangements made by his employee, those contributions shall not be regarded as emoluments of the employment chargeable to income tax.

## 21 Exemption for scheme investments

[P1987/51/39]

- (1) Income derived by a person from investments or deposits held by him for the purposes of an approved personal pension scheme shall be exempt from income tax.
- (2) In subsection (1), “investments” includes contracts entered into in the course of dealing in financial futures or traded options.
- (3) The Treasury may by regulations extend or restrict the meaning of the word “investments” for the purposes of subsection (1) and may make consequential amendments to subsection (2).<sup>50</sup>

- (4) Regulations under subsection (3) shall not come into operation unless they are approved by Tynwald.<sup>51</sup>

## 22 Treatment of annuities

[P1987/51/41]

- (1) An annuity payable under approved personal pension arrangements shall be treated as earned income of the annuitant.
- (2) Subsection (1) applies only in relation to the annuitant to whom the annuity is made payable by the terms of the arrangements.
- (3) [Amends section 52 of the *Income Tax Act 1970*.]

## 22A Charge to tax on withdrawal of funds

- (1) The amount of funds withdrawn from an approved scheme under arrangements to which section 3(1)(a)(ii) or 3(1)(c)(ii) applies shall be treated as earned income and is chargeable to income tax in the hands of the person receiving or entitled to the income and accordingly the reference to “income tax” in section 114 of the 1970 Act shall include a reference to the tax payable under this section.
- (2) For the purposes of the *Income Tax (Instalment Payments) Act 1974*, the withdrawal of funds shall be treated as the payment of remuneration by an employer and for that purpose the obligations falling on an employer under that Act shall fall on the scheme administrator.<sup>52</sup>

## 22B Charge to tax on trivial commutation lump sum

- (1) The amount of a trivial commutation lump sum shall be treated as earned income and is chargeable to income tax in the hands of the person receiving or entitled to the income and accordingly the reference to “income tax” in section 114 of the 1970 Act shall include a reference to the tax payable under this section.
- (2) [Repealed]<sup>53</sup>
- (3) [Repealed]<sup>54</sup>
- (4) [Repealed]<sup>55</sup>
- (5) [Repealed]<sup>56</sup>
- (6) The Treasury may make such regulations as are necessary for the purpose of implementing this section.
- (7) Regulations under subsection (6) shall not come into operation unless they are approved by Tynwald.
- (8) For the purposes of the *Income Tax (Instalment Payments) Act 1974*, the payment of a trivial commutation lump sum under subsection (1) shall be treated as the payment of remuneration by an employer and for that

purpose the obligations falling on an employer under that Act shall fall on the scheme administrator.<sup>57 58</sup>

## 22C Charge on excess contributions

- (1) If in any year of assessment the aggregate of all contributions in that year which are made in respect of a person (whether under a single scheme or under two or more schemes) exceed the annual allowance the scheme administrator shall, within 14 days of the end of the tax month in which the scheme administrator becomes aware or should have become aware of the excess, account for and pay to the Assessor a charge of 40% of the excess.
- (2) A failure by a scheme administrator to comply with subsection (1) shall —
  - (a) have the effect that the charge payable under that subsection shall be recoverable as a debt from the administrator; and
  - (b) be grounds for the withdrawal of approval under section 24.
- (3) Where the scheme administrator could not reasonably have been aware of an excess referred to in subsection (1), the charge shall be a debt due by the member concerned in all respects as income tax due under the income tax acts at the rate of 40%.
- (4) The amount of any charge payable by a scheme member under subsection (3) shall be reduced by any amount paid by a scheme administrator under subsection (1).
- (5) A member of an approved scheme may appeal to the Commissioners against a charge under this section in the same manner as an appeal against an assessment to income tax and the Commissioners may confirm, rescind or amend the charge.<sup>59</sup>

### *Miscellaneous*

## 23 Minimum contributions under Social Security Act 1986

[P1987/51/42]

- (1) Where under Part I of the Social Security Act 1986 the Treasury pays minimum contributions for the purposes of approved personal pension arrangements, the amount of the employee's share of those contributions shall, instead of being the amount provided for in that Part, be the grossed-up equivalent of the amount so provided for.<sup>60</sup>
- (2) For the purposes of this section —

“the employee's share” of minimum contributions is the amount that would be the minimum contributions if, for the reference in section 45(1) of the Pension Schemes Act 1993 (of Parliament) to the appropriate age-related

percentage, there were substituted a reference to the percentage mentioned in section 41(1A)(a) of that Act;<sup>61</sup>

“the grossed-up equivalent” of an amount is such sum as, after deduction of income tax at the standard rate in force for the year of assessment for which the contributions are paid, is equal to that amount.

- (3) The employee’s share of minimum contributions paid for a year of assessment by the Treasury for the purposes of approved personal pension arrangements shall be treated for the purposes of income tax –
  - (a) as income for that year of the individual in respect of whom it is paid, and
  - (b) as contributions paid in that year by that individual under those arrangements.<sup>62</sup>
- (4) The Treasury must reimburse the National Insurance Fund out of General Revenue for any increase in the sums paid out of the fund which is attributable to the operation of this section.<sup>63</sup>
- (5) [Repealed]<sup>64</sup>

### **23AA Reporting requirement**

- (1) Where a single payment in excess of £10,000 is made by an employer by way of contribution, into a scheme approved under section 2, the administrator shall notify the Assessor of that payment no later than 30 days after the end of the tax year in which the payment is made.
- (2) An administrator who fails to comply with this section shall be guilty of an offence.<sup>65</sup>

### **23A Reporting to Assessor**

- (1) The Treasury may by regulations require the administrator of a scheme to give written notice to the Assessor of the happening of such events or matters as are specified in the regulations and within such period as is so specified.
- (2) Regulations under this section shall not come into operation unless they are approved by Tynwald.<sup>66</sup>

## **24 Withdrawal of approval**

[P1987/51/43]

- (1) If in the opinion of the Assessor the facts concerning an approved personal pension scheme or its administration or arrangements made in accordance with it do not warrant the continuance of his approval of the scheme, he may at any time by written notice given to the scheme administrator withdraw his approval of the scheme.

- (2) If in the opinion of the Assessor the facts concerning any approved personal pension arrangements do not warrant the continuance of his approval in relation to the arrangements, he may at any time by written notice given to the individual who made them and to the scheme administrator withdraw his approval in relation to the arrangements.
- (3) Without prejudice to the generality of subsection (2), the Assessor may withdraw his approval in relation to any personal pension arrangements if he is of the opinion that securing the provision of benefits under the arrangements was not the sole purpose of the individual in making them.
- (4) A notice under subsection (1) or (2) shall state the grounds on which, and the date from which, approval is withdrawn.
- (5) The Assessor may not withdraw his approval from a date earlier than the date when the facts were first such that they did not warrant the continuance of his approval (so, however, that in a case within subsection (3) his approval may be withdrawn from the day the arrangements in question were made).

## 25 Tax on unauthorised payments etc

[P1987/51/44]

- (1) This section applies to any payment within subsection (2) which is made —
  - (a) out of funds which are or have been held for the purposes of a personal pension scheme which is or has at any time been approved, and
  - (b) to or for the benefit of an individual who has made personal pension arrangements in accordance with the scheme.
- (2) A payment is within this subsection if —
  - (a) it is not expressly authorised by the rules of the scheme, or
  - (b) it is made at a time when the scheme or the arrangements are not approved and it would not have been expressly authorised by the rules of the scheme or by the arrangements when the scheme or, as the case may be, the arrangements were last so approved.
- (3) The individual referred to in subsection (1)(b), whether or not he is the recipient of the payment, shall be chargeable to income tax on the amount of the payment for the year of assessment in which the payment is made.
- (4) This section applies to a transfer of assets or other transfer of money's worth as it applies to a payment, and in relation to such a transfer the reference in subsection (3) to the amount of the payment shall be read as a reference to the value of the transfer.
- (5) If an individual has made an election that has been approved under section 2ZA(3) or 2ZA(7)(b) of the *Income Tax Act 1970* and is in force and that individual also receives a payment to which subsection (2) applies,



the income tax cap amount applicable to the election shall be increased in the year of assessment in which the payment is received by a sum determined using the formula —

$P \times R$

where —

“P” is the amount of the payment; and

“R” is the percentage equal to the prescribed rate of income tax for the purposes of section 1(2)(b) of the *Income Tax Act 1970* in the year of assessment in which the payment is received.<sup>67</sup>

### 25A Supplementary charge on unauthorised payments etc

- (1) In addition to the income tax charge on a payment to which subsection 25(2) applies if an unauthorised payment is made, the individual will be liable to a supplementary charge determined using the formula —

$P \times R$

where —

“P” is the value of the unauthorised payment; and

“R” is —

- (a) in respect of an individual who is resident in the Island, the percentage equal to the prescribed rate of income tax for the purposes of section 1(2)(b) of the *Income Tax Act 1970* in the year of assessment in which the unauthorised payment is made; or
- (b) in respect of an individual who is not resident in the Island, the percentage equal to the prescribed rate of income tax for the purposes of section 1(3) of the *Income Tax Act 1970* in the year of assessment in which the unauthorised payment is made.<sup>68</sup>
- (2) The Assessor may, if he thinks fit, remit any supplementary charge or portion of a charge payable under this section.
- (3) The value of the payment to be used for calculating the supplementary charge shall be the value of the payment prior to any payment specified in subsection 25(3).
- (4) The supplementary charge shall be a debt due in all respects as if it were income tax due under the Income Tax Acts.
- (5) The supplementary charge shall be payable by the individual referred to in subsection 25(1)(b), whether or not that individual is the recipient of the payment.
- (6) An individual may appeal to the Commissioners against a supplementary charge under this section in the same manner as an appeal against an

assessment to income tax and the Commissioners may confirm, rescind or amend the charge.<sup>69</sup>

## 26 Claims for relief

[P1987/51/46]

Relief under section 13 in respect of a contribution shall be given only on a claim made for the purpose.

## 27 Appeals

[P1987/51/47]

Where the Assessor —

- (a) refuses an application by notice under section 2, or
- (b) withdraws an approval by notice under section 24,

the person to whom the notice is given may appeal to the Commissioners against the refusal or, as the case may be, the withdrawal.

## 28 Section 27: supplementary

- (1) An appeal under section 27 shall be made by written notice stating the grounds for the appeal and given to the Assessor before the end of the period of thirty days beginning with the day on which the notice of refusal or withdrawal was given to the appellant.
- (2) On an appeal under section 27 against the withdrawal of an approval, the Commissioners may, instead of allowing or dismissing the appeal, order that the withdrawal shall have effect from a date other than that determined by the Assessor.
- (3) The bringing of an appeal under section 27 shall not affect the validity of the decision appealed against pending the determination of the proceedings.

## 29 Adjustment of relief

[P1987/51/48]

Where relief under section 13 for any year of assessment is claimed and allowed (whether or not it then falls to be given for that year), and afterwards an assessment, alteration of an assessment, or other adjustment of the claimant's liability to tax is made, there shall also be made such consequential adjustments in the relief allowed or given under section 13 for that or any subsequent year as are appropriate.

## 30 Exclusion of double relief

[P1987/51/49]

- (1) Where relief under section 13 is claimed and allowed for any year of assessment in respect of a contribution, relief shall not be given in respect

of it under any other provision of the Income Tax Acts for the same or any subsequent year, nor (in the case of a contribution under an annuity contract) in respect of any other premium or consideration for an annuity under the same contract.

(2) [Repealed]<sup>70</sup>

### **31 Information about payments**

[P1987/51/50]

- (1) The Assessor may give a notice to a scheme administrator requiring him to provide the Assessor with —
  - (a) such particulars as the notice may require relating to contributions paid under approved personal pension arrangements made in accordance with the scheme;
  - (b) such particulars as the notice may require relating to payments by way of return of contributions;
  - (c) copies of such accounts as the notice may require.
- (2) A person to whom a notice is given under this section who fails to comply with the notice within the period of thirty days beginning with the day on which it is given shall be guilty of an offence.

### **32 Information: offences**

[P1987/51/51]

A person who knowingly makes a false statement or false representation on making an application under section 2 or for the purpose of obtaining for himself or any other person any relief from or repayment of tax under this Part shall be guilty of an offence.

### **33 Contributions under unapproved arrangements**

[P1987/51/53]

Where contributions are paid by an employer under personal pension arrangements made by his employee then, if those arrangements are not approved arrangements and the contributions are not otherwise chargeable to income tax as income of the employee, the contributions shall be regarded for all the purposes of the Income Tax Acts as emoluments of the employment.

### **34 Retirement annuities**

[P1987/51/54]

- (1) Nothing in sections 49, 49A, 50 and 50A of the 1970 Act shall apply in relation to —
  - (a) a contract made or trust scheme established on or after the 6th April 1989; or

- (b) a person by whom contributions are first paid on or after that date under a trust scheme established before that date; or
  - (c) a contract made or trust scheme established under pension arrangements approved by the Assessor under an extra-statutory concession relating to personal pension schemes granted by the Treasury on the 30th March 1988.
- (2) [Substitutes Schedule 1 to the *Income Tax Act 1970* for the year of assessment commencing on 6 April 1988 and subsequent years of assessment.]
- (3) Subject to subsection (5), the terms of a contract made, or the rules of a trust scheme established, on or after 6th April 1988 and before the commencement of this Act and approved by the Assessor under section 49 of the 1970 Act shall have effect (notwithstanding anything in them to the contrary) as if they did not allow the payment to the individual by whom the contract is made, or an individual paying contributions under the scheme, of a lump sum exceeding £150,000 or such other sum as may for the time being [be] specified in an order under section 5(4).
- (4) Subject to subsection (6), the rules of a trust scheme established before 6th April 1989 and approved by the Assessor under section 49 of the 1970 Act shall have effect (notwithstanding anything in them to the contrary) as if they did not allow the payment to any person first paying contributions under the scheme on or after the 6th April 1989 of a lump sum such as is mentioned in subsection (3).
- (5) Subsection (3) shall not apply —
- (a) to a contract if, before the end of the 2 months following the commencement of this Part, the persons by and to whom premiums are payable under it jointly give written notice to the Assessor that subsection (3) is not to apply, or
  - (b) to a scheme if, before the end of that period, the trustees or other persons having the management of the scheme give written notice to the Assessor that subsection (3) is not to apply;

and where notice is given to the Assessor under this subsection, the contract or scheme shall, with effect from the date with effect from which it was approved, cease to be approved.

- (6) Subsection (4) shall not apply in the case of any person paying contributions under a scheme if, before the end of the 2 months following the commencement of this Part, he and the trustees or other person having the management of the scheme jointly give written notice to the Assessor that subsection (4) is not to apply; and where notice is given to the Assessor under this subsection, the scheme shall cease to be approved in relation to the contributor with effect from the date on which he first paid a contribution under it or (if later) the date with effect from which it was approved.

**35 Transitional provisions: general**

[P1987/51/55]

- (1) Where approved personal pension arrangements are made by an individual who pays qualifying premiums within the meaning of section 49(l)(b) of the 1970 Act —
  - (a) the amount that may be deducted or set off by virtue of section 13 in any year of assessment shall be reduced by the amount of any qualifying premiums which are paid in the year by the individual and in respect of which relief is given for the year under section 50 of that Act; and
  - (b) the relief which, by virtue of section 50A of that Act, may be given under section 50 by reference to the individual's unused relief for any year shall be reduced by the amount of any contributions paid by him in that year under the approved personal pension arrangements.
- (2) Where an individual elects under section 15 that a contribution or part of a contribution shall be treated as paid in the year of assessment 1985-86, 1986-87 or 1987-88, the payment shall be treated as the payment of a qualifying premium for the purposes of sections 49, 49A, 50 and 50A of the 1970 Act; and in such a case references in section 15 to an amount of unused relief shall be construed in accordance with section 50A of that Act.
- (3) The references in section 16 to unused relief for any year are, for years of assessment before 1988-89, references to unused relief within the meaning of section 50A of the 1970 Act.

**36 Transitional provisions: approvals**

[P1987/51/56]

- (1) The Treasury may by regulations make provision for applications for approval of personal pension schemes to be granted provisionally notwithstanding that the Assessor has not satisfied himself that the schemes comply with the requirements of sections 3 to 12 and such regulations may, in particular, provide —
  - (a) for the contents and form of certificates or other documents which the Assessor may require the applicant to give him before he grants an application provisionally;
  - (b) for the making of such amendments of the rules of the scheme after the provisional grant of an application as are necessary to enable the scheme to comply with the requirements of sections 3 to 12, and for those amendments to have effect as from the date of approval of the scheme;

- (c) for the withdrawal of approval of the scheme as from that date if it does not comply with the requirements of sections 3 to 12 and such amendments as are mentioned in paragraph (b) are not made;

and may make such supplementary provision as appears to the Treasury to be necessary or expedient.

- (2) Any approval granted by the Assessor under the extra-statutory concession referred to in section 34(1)(c) shall, subject to the provisions of this Part, have effect as if granted under this Part.

### **37 [Amends section 18 of the *Income Tax Act 1970*.]**

#### **37A Transfer of approved personal pension scheme to pension scheme approved under section 61H of the *Income Tax Act 1970***

- (1) This section applies to a personal pension scheme that is approved under section 2.
- (2) Despite the definition of “personal pension scheme” in section 1, the Assessor will allow a scheme approved under section 2 to be transferred to a pension scheme approved under section 61H of the *Income Tax Act 1970* (hereinafter referred to in this section as a “1970 Act scheme”) for the purpose of allowing the member to access the funds in accordance with Part 5A of that Act, should the member so elect.
- (3) Where a member of a scheme specified in subsection (1) elects for that scheme to be transferred to a 1970 Act scheme the total value of the scheme that is to be transferred will be liable to a transfer fee of 10% of that total.
- (4) Any transfer fee arising under subsection (3) shall be deducted from the sum to be transferred before the transfer can take place.
- (5) For the purposes of subsection (3), the total value of the scheme must be calculated as at the date on which the transfer fee is deducted, by reference to the then known circumstances.
- (6) Where an amount is liable to a transfer fee under subsection (3) —
- (a) the fee shall be payable to the Assessor by the administrator of the scheme on the day on which the fee is deducted from the scheme; and
  - (b) on the same day, the administrator shall notify the Assessor of —
    - (i) the amount of fee paid;
    - (ii) the value of the pension scheme immediately prior to the payment of the fee;
    - (iii) the pension scheme reference number;
    - (iv) the name of the scheme;

- (v) the scheme member's full name, date of birth and tax reference number.
- (7) When the transfer fee has been received by the Assessor, the Assessor will issue a notification to the administrator to confirm receipt.
- (8) When the administrator has received a notification under subsection (7), the scheme from which the fee has been deducted can be transferred to the 1970 Act scheme.
- (9) If a scheme specified in subsection (1) is transferred to a 1970 Act scheme —
- (a) without a transfer fee being deducted under subsection (3); or
- (b) without the administrator being notified under subsection (7),
- the transfer will constitute an unauthorised payment for the purposes of sections 25 and 25A.
- (10) If an individual has made an election that has been approved under section 2ZA(3) or 2ZA(7)(b) of the *Income Tax Act 1970* and is in force and a transfer fee arises under subsection (3) in respect of a pension scheme of which the individual is a member, the transfer fee will not form a part of the income tax cap amount in section 2ZB of the *Income Tax Act 1970* as it is not a charge to income tax.<sup>71</sup>

### **37B Recycling of funds withdrawn from another approved pension scheme**

Where an individual pays a contribution under approved personal pension arrangements made by the individual and some, or all, of that contribution consists of funds that have been withdrawn from a pension scheme approved under this Act, the *Income Tax Act 1970* or the *Income Tax (Retirement Benefit Schemes) Act 1978*, section 13(1) shall not apply to the amount of the contribution that consists of those funds.<sup>72</sup>

## **PART 2 – TREATMENT OF FARM ANIMALS ETC. FOR PURPOSES OF INCOME TAX**

### **38 Farming: the general rule**

- (1) Subject to the provisions of this Part, in computing profits for the purposes of the Income Tax Acts, animals kept by a farmer for the purposes of his farming shall be treated as trading stock.
- (2) Animals forming part of production herds with respect to which an election under section 39 has effect shall not be so treated, but shall be treated instead in accordance with the rules set out in section 40.
- (3) An election under section 39 is referred to in this Part as “**an election for the herd basis**”.

### 39 Farming: election for the herd basis

- (1) An election for the herd basis shall apply to all production herds of a particular class kept by the farmer making the election, including herds which he has ceased to keep before, or first begins to keep after, the making of the election.
- (2) An election for the herd basis must be made in writing to the Assessor, and must specify the class of herds to which it relates.
- (3) Subject to sections 43 and 49, an election for the herd basis made by any farmer shall be valid only if it is made not later than two years after the end of —
  - (a) the first year of assessment for which he is chargeable to tax in respect of the profits of his farming, or is given relief for loss under section 27A or 28 of the 1970 Act in respect of his farming, being profits or relief the amount of which is computed by reference to the facts of a year of assessment during the whole or some part of which he kept a production herd of the class in question; or
  - (b) the first period for which an account is made up for his farming.
- (4) An election for the herd basis made by any farmer shall be irrevocable and, subject to section 43, shall have effect —
  - (a) in a case within subsection (3)(a), for the first year of assessment referred to in that subsection and all subsequent years; and
  - (b) in a case within subsection (3)(b), for the first year of assessment for which the profits or losses of his farming are computed by reference to the facts of the first year for which an account is made up for his farming.

### 40 Herd basis: computation

- (1) Where an election for the herd basis has effect, the consequences for the purposes of computing profits for the purposes of the Income Tax Acts shall be as provided by this section.
- (2) The initial cost of the herd and, subject to the provisions of this section as to replacements, the cost of any animal added to the herd shall not be deducted as an expense and the value of the herd shall not be brought into account.
- (3) Where an animal which has theretofore been treated as part of the farmer's trading stock is added to the herd otherwise than by way of replacement, there shall be included as a trading receipt —
  - (a) in the case of an animal bred by the farmer, a sum equal to the cost of breeding it and rearing it to maturity; and



- (b) in any other case, a sum equal to the initial cost to the farmer of acquiring the animal, together with any cost incurred by him in rearing it to maturity.
- (4) Where an animal (the “first animal”) forming part of the herd dies, or ceases to form part of the herd, and is replaced in the herd by another animal (the “second animal”) —
  - (a) any proceeds of sale of the first animal shall be included as a trading receipt; and
  - (b) the cost of the second animal, except in so far as that cost consists of such costs as are allowable apart from the provisions of this Part as deductions in computing profits of farming for the purposes of the Income Tax Acts, shall, subject to subsections (5) and (6), be deducted as an expense.
- (5) Where the second animal is of better quality than the first animal, the amount deducted shall not exceed the amount which it would have been necessary to expend in order to acquire an animal of the same quality as the first animal.
- (6) Where the first animal was slaughtered by the order of any Department or public authority under the law relating to diseases of animals, and the second animal is of worse quality, the amount included as a trading receipt shall not exceed the amount allowable as a deduction.
- (7) Where the herd is sold as a whole, and another production herd of the same class is acquired, subsections (1) to (6) shall apply as though there had been sold from, and replaced in, the original herd a number of animals equal to the number in the original herd or in the newly acquired herd, whichever is the less.
- (8) Subject to subsection (9), if (either all at once or over a period not exceeding 12 months) either —
  - (a) the whole of a herd is sold in circumstances in which subsection (7) does not apply, or
  - (b) a part of a herd is sold on a substantial reduction being made in the number of animals in the herd,any profit or loss arising from the transaction shall not be taken into account.
- (9) Where within five years of the sale the seller acquires or begins to acquire another production herd of the class in question or, as the case may be, acquires or begins to acquire animals to replace the part of the herd in question —
  - (a) subsections (4) to (7) shall apply to the acquisition or replacement, except that, if the sale was one which the seller was compelled to effect by causes wholly beyond his control, the amount included as a trading receipt in respect of any animal sold which is replaced by

- an animal of worse quality shall not exceed the amount allowable as a deduction in respect of that animal of worse quality; and
- (b) for the purpose of the application of those subsections, the proceeds of sale of the animals comprised in the original herd or part of a herd shall be brought into account as if they had been respectively received at the times of the corresponding acquisitions.
- (10) If an animal forming part of the herd is sold, and none of subsections (4) to (9) applies, any profit or loss arising from the transaction shall be included or deducted, as the case may be; and for the purposes of this subsection, that profit or loss shall be computed by comparing with the proceeds of sale —
- (a) in the case of an animal bred by the farmer, the cost of breeding it and rearing it to maturity; and
- (b) in any other case, a sum equal to the initial cost to the farmer of acquiring the animal (or in the case of an animal acquired otherwise than for valuable consideration, its market value when the farmer acquired it) together, in both cases, with any cost incurred by him in rearing it to maturity.
- (11) Where the herd is sold as a whole, and another production herd of the same class is acquired, and the number of animals in the newly acquired herd is less than the number in the original herd, then, if the difference is not substantial, subsections (8) and (9) shall not apply, and subsection (10) shall apply to a number of animals in the original herd equal to the difference.
- (12) The preceding provisions of this section shall apply in relation to the death or destruction of animals as they apply in relation to their sale, as if any insurance or compensation moneys received by reason of the death or destruction were proceeds of sale, and any reference in this paragraph to the proceeds of sale of an animal includes a reference to any proceeds of sale of its carcase or any part of its carcase.

#### **41 Farming: provisions applicable to special cases**

A farmer who, having kept a production herd of a particular class, ceases altogether to keep herds of that class for a period of at least five years shall, as respects production herds kept by him after the end of that period, be treated as if he had never kept any production herds of that class before the end of that period.

#### **42 Transfers between related persons**

- (1) Where a farmer transfers to another person all or any of the animals which form part of a production herd otherwise than by way of sale or by way of sale but for a price other than that which they would have fetched if sold in the open market, and either —

- (a) the transferor is a body of persons over whom the transferee has control or the transferee is a body of persons over whom the transferor has control or both the transferor and the transferee are bodies of persons and some other person has control over both of them; or
- (b) it appears with respect to the transfer, or with respect to transactions of which the transfer is one that the sole or main benefit, or one of the main benefits, which (apart from the provisions of this paragraph) might have been expected to accrue to the parties or any of them was a benefit resulting from —
  - (i) the obtaining of a right to make an election for the herd basis, or
  - (ii) such an election having effect or ceasing to have effect, or
  - (iii) such an election having a greater or a less effect;

the like consequences shall ensue, in relation to all persons concerned, for the purpose of computing profits for the purposes of the Income Tax Acts as would have ensued if the animals had been sold for the price which they would have fetched if sold in the open market.

- (2) In this paragraph “body of persons” includes a partnership, and “control” has the meaning given by section 119A of the 1970 Act.

#### **43 Compulsory slaughter of herd: special treatment**

- (1) Where the whole or a substantial part of a production herd kept by a farmer for the purposes of his farming is slaughtered by the order of any Department or public authority under the law relating to the diseases of animals in such circumstances that compensation is payable in respect of it, an election for the herd basis thereupon made by the farmer in relation to that herd and any other production herds of the same class so kept by him shall, subject to subsection 2, be valid notwithstanding that it is not made within the time required by section 39(3).
- (2) An election for the herd basis made by virtue of subsection (1) shall only be valid if made not later than two years after the end of the first year of assessment for which the tax chargeable on the farmer in respect of the profits or gains of his farming finally falls to be computed by reference to the facts of a year in which the compensation is relevant.
- (3) An election for the herd basis made by virtue of subsection (1) shall, notwithstanding section 39(4), have effect only for the year of assessment mentioned in subsection (2) and subsequent years except that for the purposes of income tax the election shall have effect for earlier years for the purposes of any claim under section 27A or 28 of the 1970 Act which is made by the farmer for relief in respect of his farming, if the relief falls to be computed wholly or partly by reference to the facts of year in which the compensation is relevant.

- (4) For the purposes of this section, compensation shall be deemed to be relevant in any period if, but only if, it falls (or would but for an election under this section fall) to be taken into account as a trading receipt in computing the profits or gains or losses of that or an earlier year.

#### 44 Exclusion of working animals

Nothing in this Part applies to any animals kept wholly or mainly for the work they do in connection with the carrying on of the farming.

#### 45 Interpretation: Part 2

- (1) In this Part “**herd**” includes a flock, and any other collection of animals however named.
- (2) For the purposes of this Part, immature animals kept in a herd shall not be treated as forming part of the herd unless —
  - (a) the land on which the herd is kept is such that animals which die or cease to form part of the herd cannot be replaced except by animals bred and reared on that land; and
  - (b) the immature animals in question are bred in the herd, are maintained in the herd for the purpose of replacement, and are necessarily maintained for that purpose;

and references in this Part to herds shall be construed accordingly.

- (3) References in this Part to an animal being added to a herd include references to an immature animal which is kept in the herd becoming a mature animal except that no more immature animals shall be treated as forming part of a herd than are required to prevent a fall in the numbers of the herd.
- (4) Female animals shall be treated for the purposes of this Part as becoming mature when they produce their first young.
- (5) In this Part “**a production herd**” means, in relation to a farmer, a herd of animals of the same species (irrespective of breed) kept by him wholly or mainly for the sake of the products which they produce for him to sell, being products obtainable from the living animal.

In this subsection “products obtainable from the living animal” means —

- (a) the young of the animal, or
  - (b) any other product obtainable from the animal, not being a product obtainable only by slaughtering the animal itself.
- (6) For the purposes of this Part, production herds kept by a farmer shall be deemed to be of the same class if, and only if, all the animals kept in the herds are of the same species (irrespective of breed) and the products produced for him to sell for the sake of which (either wholly or mainly)

the herds are kept by him are of the same kinds in the case of all the herds; and elections for the herd basis shall be framed accordingly.

- (7) Any reference in this Part to profits chargeable to tax under the Income Tax Acts includes a reference to profits which would be so chargeable if there were any such profits for the year of assessment in question.

#### **46 Application to trades other than farming, creatures other than animals, and animals and creatures kept singly**

- (1) The preceding provisions of this Part shall, with the necessary adaptations, apply in relation to trades other than farming and trades consisting only in part of farming as they apply in relation to farming, and references to farmers shall be construed accordingly.
- (2) Those provisions shall (both in relation to farming and in relation to other trades) apply in relation to living creatures other than animals as they apply in relation to animals.
- (3) Laying birds shall be treated for the purposes of this Part as becoming mature when they first lay.
- (4) The provisions of this Part shall (both in relation to farming and in relation to other trades) apply, with the necessary adaptations, in relation to animals or other creatures kept singly as they apply in relation to herds.
- (5) Nothing in this Part shall apply in relation to any animal or other creature kept wholly or mainly for public exhibition or for racing or other competitive purposes.

#### **47 Information**

Where an election for the herd basis is made, every person carrying on any farming or other trade affected by the election shall, if required to do so by notice from the Assessor make and deliver to the Assessor, within the time specified in the notice, such returns as to, and as to the products of, the animals or other creatures kept by him for the purposes of the trade as may be required by the notice.

#### **48 Election: effect on prior assessments**

Where an election for the herd basis has effect for any year of assessment after an assessment for that year has become final and conclusive, any such assessment or, on a claim therefor, repayment of tax shall be made as may be necessary to give effect to the election.

#### **49 Commencement**

This Part has effect in respect of the 1989-90 year of assessment and each subsequent year.

## PART 3 – SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY

### 50 Deductions on account of tax etc from payments to certain sub-contractors

[P1988/1/559]

- (1) On making a payment to which this section applies the contractor shall deduct from it a sum equal to 22 per cent. of so much of the payment as is not shown to represent the direct cost to any other person of materials used or to be used in carrying out the construction operations to which the contract under which the payment is to be made relates.<sup>73</sup>
- (2) The sum deducted under subsection (1) shall be paid to the Assessor and shall be treated for the purposes of income tax –
  - (a) as not diminishing a payment to which this section applies; but
  - (b) subject to subsection (2) as being income tax paid in respect of the profits or gains of the trade, profession or vocation of the person for whose (or for whose employees' or officers') labour the contractor makes the payment.
- (3) Where a sum deducted and paid to the Assessor under subsection (1) is more than sufficient to discharge the liability to income tax of the person referred to in subsection (2)(b) in respect of the profits or gains mentioned in that paragraph, so much of the excess as is required to discharge any liability of that person for Class 4 contributions shall be treated as being, for the purposes of the Social Security Act, Class 4 contributions paid in respect of the profits or gains so mentioned.
- (4) Subject to subsection (5), where a contract relating to construction operations is not a contract of employment but –
  - (a) one party to the contract is a sub-contractor; and
  - (b) another party to the contract ("the contractor") either is a sub-contractor under another such contract relating to all or any of the construction operations or is a person to whom section 54(2) applies,

this section shall apply to any payments which are made under the contract and are so made by the contractor to –

- (i) the sub-contractor;
- (ii) a person nominated by the sub-contractor or the contractor;  
or
- (iii) a person nominated by a person who is a sub-contractor under another such contract relating to all or any of the construction operations.

- (5) Subsection (4) shall not apply to any payment made under the contract in question if the person to whom it is made or, if it is made to a nominee, each of the following persons, that is to say, the nominee, the person who nominated him and the person for whose labour (or, where that person is a company, for whose employees' or officers' labour) the payment is made, is excepted from this section in relation to those payments by virtue of section 51.
- (6) Subsection (5) does not apply to so much of any payment made under the contract in question to a person specified in regulations under section 52 as exceeds, or in aggregate with other payments specified in those regulations exceeds, the limit prescribed by those regulations.
- (7) For the purposes of this Part a payment (including a payment by way of loan) that has the effect of discharging an obligation under a contract relating to construction operations shall be taken to be made under the contract; and if —
- (a) the obligation is to make a payment to a person within subsection (4)(i) to (iii), but
  - (b) the payment discharging that obligation is made to a person not within those paragraphs,
- the payment shall for those purposes be taken to be made to the first-mentioned person.
- (8) In this section —
- “Class 4 contributions” means Class 4 contributions within the meaning of the Social Security Act 1975 (an Act of Parliament) and any such Act or any statutory provision amending or replacing that Act, as those Acts or provisions have effect in the Island;
- “the Social Security Act” means whichever of those Acts or provisions is the one under which the contribution in question is payable.

## 51 Exceptions from section 50

- (1) Subject to the provisions of regulations under section 52(2), a person is excepted from section 50 in relation to payments made under a contract if a certificate under this section has been issued to that person and is in force when the payment is made, but —
- (a) where the certificate has been issued to a person who becomes a partner in a firm, that person is not excepted in relation to payments made under contracts under which the firm or, where a person has nominated the firm to receive payments, the person who has nominated the firm is a sub-contractor; and
  - (b) where a certificate has been issued to a person as a partner in a firm, that person is excepted in relation only to payments made under contracts under which the firm or, where a person has nominated

the firm to receive payments, the person who has nominated the firm, is a sub-contractor.

- (2) If the Assessor is satisfied, on the application of a person that such person satisfies the conditions set out in regulations under section 52, the Assessor shall issue to that person a certificate excepting him from section 50.
- (3) Where it appears to the Assessor, on an application made under subsection (2) by a company, that the company —
  - (a) was incorporated on a date within the period of three years ending with the date of the application; or
  - (b) has not carried on business continuously throughout that period; or
  - (c) has carried on business continuously throughout that period but the business has not at all times in that period consisted of or included the carrying out of construction operations; or
  - (d) does not at the date of the application hold a certificate which is then in force under this section;

the Assessor may direct that the conditions set out in regulations under section 52 or such of them as are specified in the direction shall apply to the directors of the company or to such of those directors as are so specified as if each of them were an applicant for a certificate under this section.

- (4) Where it appears to the Assessor that there has been a change in the control of a company holding or applying for a certificate, the Assessor may make any such direction as is referred to in subsection (3).
- (5) The Assessor may at any time cancel a certificate which has been issued to a person and is in force under this section if it appears to him that —
  - (a) it was issued on information which was false;
  - (b) if an application for the issue of a certificate under this section to that person were made at that time, the Assessor would refuse to issue a certificate;
  - (c) that person has permitted the certificate to be misused; or
  - (d) in the case of a certificate issued to a company, there has been a change in the control of the company and information with respect to that change has not been furnished in accordance with regulations under section 52(2);

and may by notice require that person to deliver the certificate to the Assessor within the time specified in the notice.

Section 119A of the 1970 Act shall apply for the purposes of paragraph (d).

- (6) A person aggrieved by the refusal of an application for a certificate under this section or the cancellation of such a certificate may, by notice given to



the Assessor within 30 days after the refusal or, as the case may be, cancellation, appeal to the Commissioners, and the jurisdiction of the Commissioners on such an appeal shall include jurisdiction to review any relevant decision taken by the Assessor in the exercise of his functions under this section.

- (7) If any person, for the purpose of obtaining a certificate under this section —
- (a) makes any statement, or furnishes any document, which he knows to be false in a material particular; or
  - (b) recklessly makes any statement, or furnishes any document, which is false in a material particular,
- he shall be liable on summary conviction to a fine not exceeding £5,000.
- (8) A person to whom a certificate is issued under this section or a voucher is given as required by regulations under section 52(3)(j) shall take all reasonable steps to ensure its safety; and any person who, without lawful authority or lawful excuse —
- (a) disposes of any such certificate or voucher or any form supplied by the Assessor in connection with regulations made by virtue of section 52(3)(e); or
  - (b) possesses such a certificate, voucher or form or any document purporting to be such a certificate, voucher or form,
- shall be liable on summary conviction to a fine not exceeding £5,000.
- (9) Notwithstanding any enactment prescribing the period within which summary proceedings may be commenced, proceedings for an offence under subsection (7) or (8) may be commenced at any time within three years from the commission of the offence.

## 52 General enabling powers under Part 3

[P1988/1/566]

- (1) The Treasury shall make regulations with respect to the collection and recovery, whether by assessment or otherwise, of sums required to be deducted from any payments under section 50 and for the giving of receipts by persons receiving the payments to persons making them.
- (2) Regulations under this section may include any matters with respect to which regulations may be made under the *Income Tax (Instalment Payments) Act 1974*.
- (3) The Treasury may make regulations for the purpose of giving effect to this Part and, without prejudice to the generality of that power, regulations may be made —
  - (a) prescribing the period for which certificates under section 51 are to be issued and the form of such certificates;

- (b) providing for the renewal of such certificates;
- (c) providing for the issue, renewal or cancellation of such certificates or the giving of directions under section 51(3) by the Assessor;
- (d) requiring the furnishing of information with respect to changes in the control of a company holding or applying for such a certificate;
- (e) requiring the production of such certificates to such persons and in such circumstances as may be specified in the regulations and providing for the completion and return to the Assessor of forms certifying such production;
- (f) requiring the surrender to the Assessor of such certificates in such circumstances as may be specified in the regulations;
- (g) requiring persons who make payments under contracts relating to construction operations to keep such records and to make to the Assessor such returns relating to payments so made by them as may be specified in the regulations, and requiring persons who hold such certificates to keep such records relating to payments so made to them as may be so specified;
- (h) with respect to the production, copying and removal of, and the making of extracts from, any records kept by virtue of any such requirement as is referred to in paragraph (g) and with respect to rights of access to or copies of any such records which are removed;
- (i) requiring vouchers for payments made under contracts relating to construction operations to persons who hold such certificates to be obtained by the person making, and given by the person receiving, the payment, prescribing the form of the vouchers, and requiring their production or surrender to the Assessor in such circumstances as may be specified in the regulations; and
- (j) excluding payments from the operation of section 51 where, in such circumstances as may be specified in the regulations, the requirements of regulations relating to the production of certificates or the obtaining, production or surrender of vouchers have not been complied with.

Section 119A of the 1970 Act shall apply for the purposes of paragraph (d).

### 53 Meaning of “construction operations”

[P1988/1/567]

- (1) In this Part “**construction operations**” means operations of any description specified in subsection (2), not being operations of any description specified in subsection (3); and references to construction operations shall be taken —
  - (a) except where the context otherwise requires, as including references to the work of individuals participating in the carrying out of such operations; and

- (b) except in the case of offshore installations, as not including references to operations carried out or to be carried out otherwise than in the Island.
- (2) The following operations are, subject to subsection (3), construction operations for the purposes of this Part —
- (a) construction, alteration, repair, extension, demolition or dismantling of buildings or structures (whether permanent or not), including offshore installations;
  - (b) construction, alteration, repair, extension or demolition of any works forming, or to form, part of the land, including (without prejudice to the foregoing) walls, roadworks, power-lines, electronic communications apparatus, aircraft runways, docks and harbours, railways, inland waterways, pipe-lines, reservoirs, water-mains, wells, sewers, industrial plant and installations for purposes of land drainage, coast protection or defence;<sup>74</sup>
  - (c) installation in any building or structure of systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection;
  - (d) internal cleaning of buildings and structures, so far as carried out in the course of their construction, alteration, repair, extension or restoration;
  - (e) operations which form an integral part of, or are preparatory to, or are for rendering complete, such operations as are previously described in this subsection, including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access works;
  - (f) painting or decorating the internal or external surfaces of any building or structure.
- (3) The following operations are not construction operations for the purposes of this Part —
- (a) drilling for, or extraction of, oil or natural gas;
  - (b) extraction (whether by underground or surface working) of minerals; tunnelling or boring, or construction of underground works, for this purpose;
  - (c) manufacture of building or engineering components or equipment, materials, plant or machinery, or delivery of any of these things to site;
  - (d) manufacture of components for systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection, or delivery of any of these things to site;

- (e) the professional work of architects or surveyors, or of consultants in building, engineering, interior or exterior decoration or in the laying-out of landscape;
  - (f) the making, installation and repair of artistic works, being sculptures, murals and other works which are wholly artistic in nature;
  - (g) signwriting and erecting, installing and repairing signboards and advertisements;
  - (h) the installation of seating, blinds and shutters;
  - (i) the installation of security systems, including burglar alarms, closed circuit television and public address systems.
- (4) In this section “offshore installations” means installations which are maintained, or are intended to be established, for underwater exploitation or exploration.
- (5) The Treasury may by order —
- (a) include in subsection (2) any description of operations as to which they are satisfied that it is a normal activity of the construction industry and that its inclusion in that subsection is necessary for achieving the object of section 50;
  - (b) include in subsection (3) any description of operations as to which they are satisfied that it cannot properly be considered a normal activity of the construction industry and ought to be excluded from subsection (2).

#### **54 Meaning of “sub-contractors” and “contractors”**

[P1988/1/560]

- (1) For the purposes of this Part a party to a contract relating to construction operations is a sub-contractor if, under the contract —
- (a) he is under a duty to the contractor to carry out the operations, or to furnish his own labour (that is to say, in the case of a company, the labour of employees or officers of the company) or the labour of others in the carrying out of the operations or to arrange for the labour of others to be furnished in the carrying out of the operations; or
  - (b) he is answerable to the contractor for the carrying out of the operations by others, whether under a contract or under other arrangements made or to be made by him.
- (2) This subsection applies to the following persons, that is to say —
- (a) any person carrying on a business which includes construction operations;
  - (b) any local authority;

- (c) a Department or Statutory Board;
  - (d) a person carrying on a business at any time if —
    - (i) his average annual expenditure on construction operations in the period of 3 years ending with the end of the last period of account before that time exceeds £50,000, or
    - (ii) where he was not carrying on the business at the beginning of that period of 3 years, one-third of his total expenditure on construction operations for the part of that period during which he has been carrying on the business exceeds £50,000;
 and in paragraph (d) “period of account” means a period for which an account is made up in relation to the business in question.
- (3) Where section 50(4)(b) begins to apply to any person in any period of account by virtue of his falling within subsection (2)(d), it shall continue to apply to him until he satisfies the Assessor that his expenditure on construction operations has been less than £50,000 in each of three successive years beginning in or after that period of account.

## PART 4 – AMENDMENTS TO INCOME TAX ACT 1970

### 55 Income tax year

- (1) The income tax year shall, for all purposes, commence on the 1st April and end on the 31st March next following and the Income Tax Acts 1970 to 1989, the *Income Tax (Instalment Payments) Act 1974*, and any enactment under those Acts shall have effect accordingly.<sup>75</sup>
- (2) In the enactments referred to in subsection (1) —
  - (a) any reference to “income tax year”, “year”, “month”, “year of assessment” or any expression to the like effect shall be construed in accordance with subsection (1);
  - (b) references to the 5th April and the 6th April in any year shall be construed as references to 31st March and the 1st April respectively.
- (3) This section shall have effect from the 1st April in such year as may be appointed by order of the Treasury and accordingly the year of assessment immediately preceding that year shall end on the 31st March.
- (4) In section 120 of the 1970 Act —
  - (a) for the definition of “income tax year” there shall be substituted —
 

“**“income tax year”** has the meaning given by section 55 of the Income Tax Act 1989;”;
  - (b) for the definition of “year of assessment” there shall be substituted —

“ **year of assessment** ” means the income tax year for or in respect of which income tax is payable.”<sup>76</sup>

56 [Repealed]<sup>77</sup>

57 to 79 [Repealed]<sup>78</sup>

## PART 5 – MISCELLANEOUS AMENDMENTS AND SUPPLEMENTARY

80 Repealed<sup>79</sup>

### 81 Retirement benefit schemes

[P1987/51/58]

Schedule 5 (which amends enactments relating to retirement benefit schemes and amends certain existing schemes) shall have effect.

82 [Repealed]<sup>80</sup>

### 83 Interpretation

In this Act, “the 1970 Act” means the *Income Tax Act 1970*.

### 84 Short title and construction

- (1) This Act may be cited as the Income Tax Act 1989 and the Income Tax Acts 1970 to 1988 and this Act may be cited together as the Income Tax Acts 1970 to 1989.<sup>81</sup>
- (2) This Act shall be construed as one with the Income Tax Acts 1970 to 1988.<sup>82</sup>

**Schedule 1**<sup>83</sup>**Schedule 2**<sup>84</sup>**Schedule 3**<sup>85</sup>**Schedule 4****MISCELLANEOUS AMENDMENTS TO TAXES ACTS**

## Section 81

[Sch 4 amended by Income Tax (Corporate Taxpayers) Act 2006 s 1 and Sch, and amends the following Acts —

Income Tax (Instalment Payments) Act 1974 q.v.

The following provision applies to the paragraph amending section 1:

“(2) This paragraph has effect in respect of the 1989- 90 year and subsequent years.”.

The following provision applies to the paragraph amending section 8:

“(2) This paragraph shall not have effect in relation to amounts which were due and payable before this section comes into operation.”.

Income Tax (Retirement Benefit Schemes) Act 1978 q.v.

Income Tax Act 1980 q.v.

The following provision applies to the paragraph amending Schedule 2, paragraphs 9,10 and 14:

“(2) This paragraph shall apply in respect of all claims made after the 5th April 1989.”

**Schedule 5****RETIREMENT BENEFIT SCHEMES**

## Section 82

**PART I – AMENDMENTS**

Part I amends the following Act —

Income Tax (Retirement Benefit Schemes) Act 1978 q.v.]<sup>86</sup>

“(2) This paragraph shall be deemed to have come into operation on 6th April 1989, but sub-paragraph (1)(b) shall not authorise the withdrawal of an approval from a day before that day.”

The following provision applies to the paragraph amending s 3:

“(2) This paragraph shall have effect in relation to contributions paid on or after 6th April 1989.”

The following provision applies to the paragraph amending s 4:

“(2) This paragraph shall have effect in relation to contributions paid on or after 6th April 1989.”

The following provision applies to the sub-paragraph amending s 9(1)(i) by inserting “(disregarding any excess of that remuneration over the permitted maximum)” after “final remuneration”:

“(2) Sub-paragraph (1)(a) applies to any payments made on or after 6th April 1989 except payments made under schemes approved or established before that date to employees who became members before that date.”<sup>87</sup>

## **PART II**<sup>88</sup>

### **Schedule 6**<sup>89</sup>



## ENDNOTES

### Table of Legislation History

Legislation	Year and No	Commencement

### Table of Renumbered Provisions

Original	Current

### Table of Endnote References

<sup>1</sup> Definition of “annual allowance” inserted by Income Tax (Pensions) Act 2008 s 14(1), effective income tax year commencing 6/4/2008 and subsequent years, and amended by Interpretation Act 2015 s 105 and by SD2017/0376, effective income tax year commencing 06/04/2018 and subsequent years.

<sup>2</sup> Definition of “collective investment scheme” amended by Collective Investment Schemes Act 2008 Sch 6.

<sup>3</sup> Definition of “personal pension scheme” amended by Income Tax (Pensions) Act 2008 s 16(1) effective income tax year commencing 6/4/2008 and subsequent years.

<sup>4</sup> Definition of “unit” amended by Collective Investment Schemes Act 2008 Sch 6.

<sup>5</sup> Para (a) substituted by Income Tax (Pensions) Act 2008 s 2(1)(a) and applicable only in respect of schemes approved after 15/7/2008.

<sup>6</sup> Para (b) amended by Income Tax (Pensions) Act 2008 s 6(a) and s 11(3) by adding references to ss 5A and 5B, both effective income tax year commencing 6/4/2008 and subsequent years.

<sup>7</sup> Para (c) substituted by Income Tax (Pensions) Act 2008 s 2(1)(b) and applicable only in respect of schemes approved after 15/7/2008.

<sup>8</sup> Para (e) amended by Income Tax (Pensions) Act 2008 s 2(1)(c) by adding “or 8A”, and applicable only in respect of schemes approved after 15/7/2008.

<sup>9</sup> Para (f) added by Income Tax (Pensions) Act 2008 s 2(1)(d) and applicable only in respect of schemes approved after 15/7/2008.

<sup>10</sup> Subs (3) added by Income Tax (Pensions) Act 2008 s 12(2) effective income tax year commencing 6/4/2008 and subsequent years.

<sup>11</sup> Para (aa) inserted by Civil Partnership Act 2011 Sch 14.

- <sup>12</sup> S 4A inserted by Income Tax (Pensions) Act 2008 s 2(3) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>13</sup> Subs (1) substituted by Income Tax (Pensions) Act 2008 s 2(4) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>14</sup> Subs (2) substituted by Income Tax (Pensions) Act 2008 s 2(4) and amended by Income Tax (Pensions) Act 2008 s 11(1)(a), both effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>15</sup> Subs (3) substituted by Income Tax (Pensions) Act 2008 s 8(1) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>16</sup> Subs (4) repealed by Income Tax (Pensions) Act 2008 s 8(2) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>17</sup> Subs (6) added by Income Tax (Pensions) Act 2008 s 11(1)(b) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>18</sup> Subs (3) inserted by Income Tax Act 2015 s 12.
- <sup>19</sup> S 5A inserted by Income Tax (Pensions) Act 2008 s 6(b) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>20</sup> S 5B inserted by Income Tax (Pensions) Act 2008 s 11(2) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>21</sup> Subs (2) amended by Civil Partnership Act 2011 Sch 14.
- <sup>22</sup> Subs (5) amended by Civil Partnership Act 2011 Sch 14.
- <sup>23</sup> Subs (6) amended by Civil Partnership Act 2011 Sch 14.
- <sup>24</sup> Subs (7) amended by Civil Partnership Act 2011 Sch 14.
- <sup>25</sup> Para (aa) inserted by Civil Partnership Act 2011 Sch 14.
- <sup>26</sup> Para (b) amended by Civil Partnership Act 2011 Sch 14.
- <sup>27</sup> Para (c) amended by Civil Partnership Act 2011 Sch 14.
- <sup>28</sup> Para (a) amended by Civil Partnership Act 2011 Sch 14.
- <sup>29</sup> S 6A inserted by Income Tax (Pensions) Act 2008 s 2(5) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>30</sup> Subs (1) substituted by Income Tax (Pensions) Act 2008 s 2(6) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>31</sup> S 8A inserted by Income Tax (Pensions) Act 2008 s 2(7) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>32</sup> S 8B inserted by Income Tax (Pensions) Act 2008 s 2(7) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>33</sup> S 11 substituted by Income Tax (Pensions) Act 2008 s 14(2) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>34</sup> Para (c) amended by Income Tax Act 2013 s 16 and by SD2014/08.
- <sup>35</sup> Subs (3) repealed by Income Tax (Pensions) Act 2008 s 16(3) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>36</sup> Subs (1) amended by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
- <sup>37</sup> Subs (2) added by Income Tax (Pensions) Act 2008 s 14(3) effective income tax year commencing 6/4/2008 and subsequent years.

- <sup>38</sup> S 13 amended by Income Tax (Pensions) Act 2008 s 14(3) effective income tax year commencing 6/4/2008 and subsequent years. Subs (3) added by Income Tax (Pensions) Act 2008 s 14(3) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>39</sup> Subs (1) repealed by Income Tax (Pensions) Act 2008 s 14(5) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>40</sup> Subs (2) repealed by Income Tax (Pensions) Act 2008 s 14(5) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>41</sup> Subs (3) amended by Income Tax (Pensions) Act 2008 s 14(6)(a) and (b) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>42</sup> Subs (4) and (5) repealed by Income Tax (Pensions) Act 2008 s 14(5) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>43</sup> Ss 15 and 16 repealed by Income Tax (Pensions) Act 2008 s 14(5) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>44</sup> Para (a) amended by Income Tax (Pensions) Act 2008 s 16(2)(a) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>45</sup> Subs (3) substituted by Income Tax (Pensions) Act 2008 s 16(2)(b) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>46</sup> Subs (6) substituted by Income Tax (Amendment) Act 2006 Sch effective i.r.o. year of assessment commencing on 6/4/2006 and subsequent years and amended by Civil Partnership Act 2011 Sch 14.
- <sup>47</sup> Subs (7) added by Income Tax (Pensions) Act 2008 s 16(4) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>48</sup> Subs (8) added by Income Tax (Pensions) Act 2008 s 16(4) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>49</sup> Ss 18 and 19 repealed by Income Tax (Pensions) Act 2008 s 16(3) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>50</sup> Subs (3) added by Income Tax (Pensions) Act 2008 s 4 effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>51</sup> Subs (4) added by Income Tax (Pensions) Act 2008 s 4 effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>52</sup> S 22A inserted by Income Tax (Pensions) Act 2008 s 2(8) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>53</sup> Subs (2) repealed by SD2016/0024 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
- <sup>54</sup> Subs (3) repealed by SD2016/0024 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
- <sup>55</sup> Subs (4) repealed by SD2016/0024 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
- <sup>56</sup> Subs (5) repealed by SD2016/0024 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
- <sup>57</sup> Subs (8) inserted by SD2016/0024, effective in respect of the income tax year commencing 6 April 2016 and all subsequent years, and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.

- <sup>58</sup> S 22B inserted by Income Tax (Pensions) Act 2008 s 6(c) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>59</sup> S 22C inserted by Income Tax (Pensions) Act 2008 s 14(4) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>60</sup> Subs (1) amended by SD155/10 Sch 6 and by SD2014/08.
- <sup>61</sup> Definition of “the employee’s share” substituted by Pensions Act 1995 (of Parliament) Sch 5 as applied by SD501/97.
- <sup>62</sup> Subs (3) amended by SD155/10 Sch 6 and by SD2014/08.
- <sup>63</sup> Subs (4) substituted by SD2014/08.
- <sup>64</sup> Subs (5) repealed by SD2014/08.
- <sup>65</sup> S 23AA inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
- <sup>66</sup> S 23A inserted by Income Tax (Pensions) Act 2008 s 16(5) effective income tax year commencing 6/4/2008 and subsequent years.
- <sup>67</sup> Subs (5) substituted by SD2014/0019 and confirmed by Income Tax Act 2015 s 4, effective 21/02/ 2014, with savings (see SD2014/0019 Art 5) and amended by SD2024/0067, effective in respect of the income tax year commencing 06/04/2024 and all subsequent years.
- <sup>68</sup> Subs (1) amended by SD2024/0067, effective in respect of the income tax year commencing 06/04/2024 and all subsequent years.
- <sup>69</sup> S 25A inserted by SD807/10 and confirmed by Income Tax Act 2011 s 4, effective 22/10/ 2010.
- <sup>70</sup> Subs (2) repealed by Income Tax Act 2009 Sch 2.
- <sup>71</sup> S 37A inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
- <sup>72</sup> S 37B inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
- <sup>73</sup> Subs (1) amended by SD2024/0067, effective in respect of the income tax year commencing 06/04/2024 and all subsequent years.
- <sup>74</sup> Para (b) amended by Communications Act 2021 Sch 9.
- <sup>75</sup> Subs (1) amended by Income Tax (Corporate Taxpayers) Act 2006 Sch.
- <sup>76</sup> S 55 not in operation.
- <sup>77</sup> S 56 repealed by Income Tax Act 2000 Sch.
- <sup>78</sup> Ss 57 to 80 (insofar as not already repealed) repealed by Income Tax Act 2013 s 3.
- <sup>79</sup> S 80 repealed by Income Tax Act 2013 s3.
- <sup>80</sup> S 83 repealed by Statute Law Revision Act 1992 Sch 2.
- <sup>81</sup> Subs (1) amended by Income Tax Act 1991 s 13.
- <sup>82</sup> Subs (2) amended by Income Tax Act 1991 s 13.
- <sup>83</sup> Sch 1 repealed by Income Tax Act 2013 s 13.
- <sup>84</sup> Sch 2 repealed by the Income Tax (Corporate Taxpayers) Act 2006 Sch
- <sup>85</sup> Sch 3 repealed by Income Tax Act 2013 s 13.
- <sup>86</sup> The following provision applies to the paragraph amending s 1

<sup>87</sup> Note: Section 9(3) of the Income Tax (Pensions) Act 2008 repeals paragraphs 1(1)(a), 5(1)(a) and 6(1)(a)(i) of this Schedule effective income tax year commencing 6/4/2008 and subsequent years.

<sup>88</sup> Part II repealed by Income Tax (Pensions) Act 2008 s 16(6) effective income tax year commencing 6/4/2008 and subsequent years .

<sup>89</sup> Sch 6 repealed by Statute Law Revision Act 1992 Sch 2.