

**2005 No. 147**

**PENSIONS**

**The Occupational Pension Schemes (Levies) Regulations  
(Northern Ireland) 2005**

*Made* - - - - - *21st March 2005*

*Coming into operation* *1st April 2005*

**ARRANGEMENT OF REGULATIONS**

**PART I**

**PRELIMINARY**

1. Citation and commencement
2. Interpretation

**PART II**

**ADMINISTRATION AND PPF OMBUDSMAN LEVIES**

3. Meaning of “the levies” in Part II
4. Liability for the levies
5. The reference day
6. The amount payable
7. Schemes eligible for only part of the financial year

**PART III**

**THE INITIAL LEVY**

8. The initial period
9. Liability for the initial levy
10. The amount of the initial levy
11. Supplementary provisions relating to the calculation of the initial levy
12. Schemes eligible for only part of the levy period

**PART IV**

**GENERAL**

13. Meaning of “the levies” in Part IV
14. Attribution of payments in respect of levies
15. Multi-employer schemes
16. Partially guaranteed schemes

17. Hybrid schemes

18. Avoidance of double liability: schemes in Great Britain

The Department for Social Development, in exercise of the powers conferred on it by Articles 103(1), (3) and (7)(a), 110(1)(b), 157(1) and (2), 164(5) and (8)(a), 171(11)(a), 191(3) and (4) and 287(2) and (3) of the Pensions (Northern Ireland) Order 2005(a) and of all other powers enabling it in that behalf, having consulted with the Board of the Pension Protection Fund(b) and with the approval of the Department of Finance and Personnel(c) in so far as regulations 8 to 11 are concerned, hereby makes the following Regulations:

## PART I PRELIMINARY

### **Citation and commencement**

1. These Regulations may be cited as the Occupational Pension Schemes (Levies) Regulations (Northern Ireland) 2005 and shall come into operation on 1st April 2005.

### **Interpretation**

2. In these Regulations –

“the 2004 Act” means the Pensions Act 2004(d);

“the 2005 Order” means the Pensions (Northern Ireland) Order 2005;

“active member”, in relation to a scheme, has the meaning given by Article 2(2) of the 2005 Order (but subject to regulation 10(7));

“the administration levy” means the levy under Article 103 of the 2005 Order imposed by regulation 4(1);

“deferred member” has the meaning given by Article 121(1) of the 1995 Order (but subject to regulation 10(7));

“eligible scheme” has the meaning given by Article 110 of the 2005 Order (but subject to regulations 15 to 18);

“fraud compensation levy” means a levy imposed by regulations under Article 171 of the 2005 Order;

“the initial levy” means the levy under Article 157 of the 2005 Order imposed by regulation 9;

“the initial period” means the period provided for by regulation 8;

“life member”, in relation to a scheme, means a person who is an active member but whose service under the scheme is only pensionable service by virtue of qualifying him for death benefits;

“member”, in relation to a scheme, has the meaning given by Article 2(2) of the 2005 Order (but subject to regulations 5(5) and 11(4));

“the PPF Ombudsman levy” means the levy under Article 191(3) of the 2005 Order imposed by regulation 4(2);

“pension credit member” has the meaning given by Article 121(1) of the 1995 Order(e);

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(a) S.I. 2005/255 (N.I. 1)

(b) See Article 103(4) of the Pensions (Northern Ireland) Order 2005

(c) See Article 157(3) of the Pensions (Northern Ireland) Order 2005

(d) 2004 c. 35

(e) The definition of “pension credit member” was inserted by paragraph 50(3) of Schedule 9 to the Welfare Reform and Pensions (Northern Ireland) Order 1999 (S.I. 1999/3147 (N.I. 11))

- “pension credit rights” has the meaning given by Article 121(1) of the 1995 Order(a);
- “pension protection levy” means a levy imposed in accordance with Article 158 of the 2005 Order;
- “pensionable service” has the meaning given by Article 121(1) of the 1995 Order;
- “pensioner member” has the meaning given by Article 121(1) of the 1995 Order(b);
- “registrable scheme” has the meaning given by Article 55(5) of the 2005 Order and regulations made under that Article;
- “scheme year”, in relation to a scheme, means –
- (a) a year specified for the purpose of the scheme in any document comprising the scheme or, if none, a period of 12 months beginning on 1st April or on such other date as the trustees or managers select; or
  - (b) such other period (if any) exceeding 6 months but not exceeding 18 months as is selected by the trustees or managers –
    - (i) in connection with the commencement or termination of the scheme, or
    - (ii) in connection with a variation of the date on which the year or period referred to in paragraph (a) is to begin.

## PART II

### ADMINISTRATION AND PPF OMBUDSMAN LEVIES

#### Meaning of “the levies” in Part II

3. In this Part “the levies” means the administration levy and the PPF Ombudsman levy.

#### Liability for the levies

- 4.—(1) The trustees or managers of each eligible scheme are liable to pay a levy (“the administration levy”) to the Department in respect of the scheme for the purpose of meeting –
- (a) expenditure relating to the establishment of the Board;
  - (b) any expenditure of the Department under Article 102 of the 2005 Order or of the Secretary of State under section 116 of the 2004 Act.
- (2) The trustees or managers of each eligible scheme are liable to pay a levy (“the PPF Ombudsman levy”) to the Department in respect of the scheme for the purpose of meeting expenditure of the Department under Article 191(2) of the 2005 Order or of the Secretary of State under section 209(6) of the 2004 Act.
- (3) Subject to paragraph (4), the levies are payable in respect of each financial year.
- (4) The PPF Ombudsman levy is not payable in respect of the financial year ending with 31st March 2006.
- (5) The levies in respect of a financial year are payable on the first day of that year, unless paragraph (6) applies.
- (6) If a scheme is not an eligible scheme on that day but becomes such a scheme during the financial year, the levies are payable on the day after that on which that year ends.

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(a) The definition of “pension credit rights” was inserted by paragraph 50(3) of Schedule 9 to the Welfare Reform and Pensions (Northern Ireland) Order 1999

(b) The definition of “pensioner member” was amended by paragraph 5(3) of Schedule 5 to the Child Support, Pensions and Social Security Act (Northern Ireland) 2000 (c. 4 (N.I.))

### The reference day

5.—(1) The amount of each of the levies payable for a financial year (“the levy year”) in respect of a scheme is calculated by reference to the number of the scheme’s members on the reference day.

(2) In the case of a scheme established on or before 31st March 2005, for the levy years beginning on 1st April 2005 and 1st April 2006, the reference day is 31st March 2005.

(3) In the case of a scheme established on or after 1st April 2005, for the levy years beginning on 1st April 2005 and 1st April 2006, the reference day is the date on which the scheme becomes a registrable scheme.

(4) For a levy year beginning on or after 1st April 2007 the general rule is that the reference day for a scheme is the last day of the scheme year which ended before the beginning of the previous levy year; but if the scheme was established too late to have such a scheme year, the reference day is the date on which the scheme becomes a registrable scheme.

(5) In this regulation and regulation 6 “member”, in relation to a scheme, does not include a life member of the scheme, unless he –

- (a) is a pensioner member or pension credit member of the scheme; or
- (b) would be a deferred member if he were not an active member.

### The amount payable

6.—(1) In the case of the administration levy, the amount payable for a financial year in respect of a scheme with the number of members on the reference day that is specified in column 1 of the Table for that levy for that year is –

- (a) the amount specified for such a scheme in column 2 of the Table (where M is the number of the scheme’s members on the reference day); or
- (b) if no amount is so specified in column 2 or an amount which is greater is specified for such a scheme in column 3 of the Table, the amount specified for such a scheme in column 3.

(2) The Table for the administration levy for the financial year ending with 31st March 2006 is as follows –

| <i>Column 1</i>                               | <i>Column 2</i>  | <i>Column 3</i>               |
|---|--|-------------------------------|
| <i>Number of members on the reference day</i> | <i>Amount of levy calculated by reference to number of members (M)</i> | <i>Minimum amount of levy</i> |
| 2 to 11                                       |  | £24                           |
| 12 to 99                                      | £2.50 × M  |                               |
| 100 to 999                                    | £1.80 × M  | £250                          |
| 1,000 to 4,999                                | £1.40 × M  | £1,800                        |
| 5,000 to 9,999                                | £1.06 × M  | £7,000                        |
| 10,000 or more                                | £0.74 × M  | £10,600                       |

(3) If, in any case where the reference day is determined in accordance with regulation 5(2), the number of members of the scheme on that day differs from the number according to the register compiled and maintained under regulations made under section 6 of the Pension Schemes Act 1993(a), the number according to that register is to be taken as the number on that day for the purposes of these Regulations.

(a) 1993 c. 48; section 6 was amended by paragraph 23 of Schedule 3 to, and paragraph 20 of Schedule 5 to, the Pensions Act 1995 (c. 26)

### **Schemes eligible for only part of the financial year**

7.—(1) This regulation applies if a scheme that is not an eligible scheme at the beginning of a financial year becomes such a scheme during that year.

(2) The amount of each of the levies payable in respect of the scheme for that year is such proportion of the full amount so payable as the period beginning with the date on which it becomes such a scheme and ending with the end of the financial year bears to the whole financial year.

## **PART III**

### **THE INITIAL LEVY**

#### **The initial period**

8. For the purposes of Article 157(1) of the 2005 Order, the period for which the initial levy is imposed begins with 6th April 2005; and accordingly the initial period begins with that date and ends on 31st March 2006.

#### **Liability for the initial levy**

9.—(1) The trustees or managers of each eligible scheme are liable to pay the initial levy to the Board in respect of the scheme for the initial period.

(2) Subject to paragraphs (3) to (6), the initial levy is payable on 6th April 2005.

(3) If the amount of the initial levy in respect of a scheme is not notified under Article 164(3)(c) of the 2005 Order to the person liable to pay it before the day on which it would (apart from this paragraph) be payable, the levy is payable within the period of 28 days beginning with the date on which the notification is given or, if earlier, on 31st March 2006.

(4) If, on an application to the Board by the trustees or managers who are liable to pay the initial levy in respect of a scheme, the Board considers that it is appropriate to do so in view of any exceptional circumstances that apply in relation to the scheme, it may agree to accept payment of the initial levy by instalments and, if it does so –

- (a) the first instalment is payable as mentioned in paragraph (2) or, as the case may be, paragraph (3); and
- (b) any subsequent instalment is payable at such later time or times during the initial period as are notified under Article 164(3)(c) of the 2005 Order to the person liable to pay the levy.

(5) If the Board requires the Regulator to discharge its functions under Article 164(3)(c) of the 2005 Order on the Board's behalf, the references to the Board in paragraph (4) are to be taken as references to the Regulator.

(6) If –

- (a) on 6th April 2005 a scheme is not an eligible scheme; but
- (b) it becomes such a scheme during the initial period,

then, subject to paragraphs (3) and (4), the initial levy in respect of the scheme is payable on 31st March 2006.

#### **The amount of the initial levy**

10.—(1) The amount of the initial levy payable in respect of a scheme is calculated by reference to the number of persons appearing to the Board or, if the Board requires the Regulator to discharge its functions under Article 164(3)(b) of the Order on the Board's behalf, to the Regulator, to fall within paragraphs (3) to (5) on the reference day.

(2) In paragraph (1) “the reference day” means –

- (a) in the case of a scheme that was established on or before 31st March 2005, that day; and
  - (b) otherwise, the date on which the scheme becomes a registrable scheme.
- (3) For each active member of the scheme, £15 is payable.
- (4) For –
- (a) each pensioner member of the scheme;
  - (b) each pension credit member who by reason of rights under the scheme attributable (directly or indirectly) to a pension credit is entitled to the present payment of pension; and
  - (c) each other person who is entitled to the present payment of pension by reason of rights under the scheme in respect of a deceased member,

£15 is payable.

- (5) For –
- (a) each deferred member of the scheme; and
  - (b) each pension credit member who is not entitled to the present payment of a pension as a result of his pension credit rights,

£5 is payable.

(6) If a person falls within more than one paragraph in this regulation or within more than one sub-paragraph in a paragraph, a separate amount is payable under this regulation in respect of that person as a result of his falling within each of those paragraphs or, as the case may be, sub-paragraphs.

(7) For the purposes of this regulation, a person is not regarded as an active member of a scheme if he is a life member of the scheme; and such a person is not excluded from being a deferred member by reason only of being an active member.

#### **Supplementary provisions relating to the calculation of the initial levy**

**11.**—(1) If, in the case of a scheme that was established on or before 31st March 2005, the Board is unable on or before 6th April 2005 to determine the number of persons falling within paragraphs (3) to (5) of regulation 10 on the reference day (as defined in regulation 10(2)(a)), it is to be assumed for the purposes of regulation 10 that on that day –

- (a) all the members of the scheme were active members; and
- (b) there were no persons falling within paragraph (4)(c) of that regulation.

(2) If the Board requires the Regulator to discharge its functions under Article 164(3)(b) of the 2005 Order on the Board’s behalf, the reference in paragraph (1) to the Board includes a reference to the Regulator.

(3) In the case of a scheme that was established on or after 1st April 2005, it is to be assumed for the purposes of regulation 10 that on the reference day –

- (a) all the members of the scheme were active members; and
- (b) there were no persons falling within paragraph (4)(c) of that regulation.

(4) If by virtue of paragraph (7) of regulation 10 a person is not regarded as either an active or deferred member of the scheme for the purposes of that regulation, he is not regarded as a member of it for the purposes of paragraph (1)(a) or (3)(a) of this regulation.

(5) Nothing in paragraph (1) or (3) prevents a determination of the amount of the initial levy payable in respect of a scheme that is made on the basis of the assumption mentioned in that paragraph from being reviewed by virtue of Chapter 6 of Part III of the 2005 Order (reviews, appeals and maladministration) on the ground that the assumption is in fact incorrect.

#### **Schemes eligible for only part of the levy period**

**12.**—(1) This regulation applies where a scheme is an eligible scheme for only part of the period in respect of which the initial levy is payable.

(2) Article 164(5) of the 2005 Order (by virtue of which only a proportionate part of the levy is payable by such schemes) does not apply if the scheme ceases to be an eligible scheme during the period in question (and accordingly the full amount of the initial levy is payable).

## PART IV GENERAL

### **Meaning of “the levies” in Part IV**

**13.** Subject to regulation 14(3), in this Part “the levies” means the administration levy, the PPF Ombudsman levy and the initial levy.

### **Attribution of payments in respect of levies**

**14.—(1)** This regulation applies where –

- (a) a payment is made in respect of a levy; and
- (b) it is not apparent to which of two or more of the levies the payment relates.

(2) The amount paid is to be apportioned between those two or more levies in the same proportions as the amounts outstanding in respect of each of them at the date the payment is made bear to the total amount outstanding in respect of both or, as the case may be, all of them at that date.

(3) In this regulation “the levies” includes any pension protection levy and any fraud compensation levy.

### **Multi-employer schemes**

**15.—(1)** If a scheme in relation to which there is more than one employer is divided into two or more sections and the provisions of the scheme are such that they meet conditions A and B, the provisions of these Regulations (apart from this regulation) apply as if each section of the scheme were a separate scheme.

(2) Condition A is that contributions payable to the scheme by an employer, or by a member in employment under that employer, are allocated to the section that applies to that employer or, if more than one section applies to the employer, to the section which is appropriate in respect of the employment in question.

(3) Condition B is that a specified part or proportion of the assets of the scheme is attributable to each section and cannot be used for the purposes of any other section.

(4) For the purposes of paragraph (1), any provisions of the scheme by virtue of which contributions or transfers of assets may be made to make provision for death benefits are disregarded.

(5) If paragraph (1) applies and, by virtue of any provisions of the scheme, contributions or transfers of assets to make provision for death benefits are made to a section (“the death benefits section”) the assets of which may only be applied for the provision of death benefits, the death benefits section is also to be treated as a separate scheme.

(6) For the purpose of this regulation, any provisions of the scheme by virtue of which assets attributable to one section may on the winding up of the scheme or a section be used for the purposes of another section are disregarded.

### **Partially guaranteed schemes**

**16.—(1)** This regulation applies if a relevant public authority has –

- (a) given a guarantee in relation to any part of a scheme, any benefits payable under the scheme or any member of the scheme; or

- (b) made any other arrangements for the purposes of securing that the assets of the scheme are sufficient to meet any part of its liabilities.
- (2) The provisions of these Regulations (apart from this regulation) apply as if the scheme did not include any part of the scheme –
  - (a) in relation to which the guarantee has been given;
  - (b) which relates to benefits payable under the scheme in relation to which the guarantee has been given; or
  - (c) which relates to benefits payable under the scheme in relation to the liabilities for which those other arrangements have been made.
- (3) In this regulation “relevant public authority” has the meaning given in Article 280(4) of the 2005 Order.

### **Hybrid schemes**

**17.** These Regulations (apart from this regulation) apply in the case of any scheme that is a hybrid scheme (as defined in Article 280(4) of the 2005 Order) as if the scheme did not include any part of the scheme relating to money purchase benefits.

### **Avoidance of double liability: schemes in Great Britain**

**18.—(1)** This regulation applies if, apart from paragraph (2), any of the levies would be payable in respect of a scheme in respect of which a corresponding Great Britain levy is imposed.

(2) The scheme is only an eligible scheme for the purposes of the levy in question if the address of the scheme is in Northern Ireland.

(3) For this purpose, the address of the scheme is the place in the United Kingdom at which the management of the scheme is conducted or, if there is more than one such place, the principal such place.

- (4) For the purposes of paragraph (1), a levy is a corresponding Great Britain levy –
  - (a) in the case of the administration levy, if it is imposed under regulation 4(1) of the Occupational Pension Schemes (Levies) Regulations 2005(a);
  - (b) in the case of the PPF Ombudsman levy, if it is imposed under regulation 4(2) of those Regulations; and
  - (c) in the case of the initial levy, if it is imposed under regulation 9 of those Regulations.

Sealed with the Official Seal of the Department for Social Development on 21st March 2005.

(L.S.)

*John O’Neill*

A senior officer of the Department for Social Development

The Department of Finance and Personnel hereby approves regulations 8 to 11 of the foregoing Regulations.

Sealed with the Official Seal of the Department of Finance and Personnel on 22nd March 2005.

(L.S.)

*Ciaran Doran*

A senior officer of the Department of Finance and Personnel

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(a) S.I. 2005/842



## EXPLANATORY NOTE

*(This note is not part of the Regulations.)*

These Regulations impose the administration levy, the initial levy and the PPF Ombudsman levy provided for in Articles 103, 157 and 191 respectively of the Pensions (Northern Ireland) Order 2005 (“the 2005 Order”).

Regulation 1 provides for citation and commencement and regulation 2 provides for interpretation.

Regulations 3 to 7 make provision for the imposition and payment of the administration levy and the PPF Ombudsman levy. They also make general provision as to how the amount of those levies is to be determined and the times at which they are to be paid. Regulation 4(4) provides that no PPF Ombudsman levy is payable for the financial year ending with 31st March 2006. Regulation 6 specifies the rate at which the administration levy is payable for that financial year.

Regulations 8 to 11 make provision for the imposition and payment of the initial levy. They also make provision as to how the amount of the levy is to be determined and the time at which it is to be paid.

Regulation 12 provides that, while generally schemes that are only eligible schemes for part of the levy period are only liable for a proportionate part of the levy, there is no reduction in the initial levy if the scheme ceases to be eligible during the initial period.

Regulation 13 introduces Part IV of the Regulations which makes general provision relating to the administration levy, the PPF Ombudsman levy and the initial levy.

Regulation 14 makes provision for the apportionment of levy payments between the levies where it is not apparent which levies a payment relates to, and enables apportionment to apply also where payments may relate to any pension protection levy or fraud compensation levy.

Regulation 15 makes provision for the application of the Regulations in the case of multi-employer schemes.

Regulation 16 makes provision for the application of the Regulations in the case of schemes with partial guarantees from relevant public authorities.

Regulation 17 makes provision for the application of the Regulations in the case of hybrid schemes.

Regulation 18 makes provision to avoid duplication of payments where the levies would be payable under the corresponding Great Britain provisions.

The Pensions (2005 Order) (Commencement No. 1 and Consequential and Transitional Provisions) Order (Northern Ireland) 2005 (S.R. 2005 No. 48 (C. 5)) provides for the coming into operation of Articles 103(1), (3) and (7)(a), 110(1)(b), 157(1) and (2), 164(5) and (8)(a), 171(11)(a) and 191(3) and (4) of the 2005 Order, some of the enabling provisions under which these Regulations are made, for the purpose only of authorising the making of regulations on 25th February 2005 and for all other purposes on 1st April 2005.

As these Regulations are made before the end of the period of six months beginning with the coming into operation of the provisions of the 2005 Order by virtue of which they are made, the requirement to consult under Article 289(1) of that Order does not apply by virtue of paragraph (2)(c) of that Article.





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