Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 4

REGISTERED PENSION SCHEMES: TAX RELIEFS AND EXEMPTIONS

Scheme investments

186 Income

(1) No liability to income tax arises in respect of—

(a) income derived from investments or deposits held for the purposes of a registered pension scheme, or

(b) underwriting commissions applied for the purposes of a registered pension scheme which would otherwise be chargeable to tax under Case VI of Schedule D.

(2) The exemption provided by subsection (1) does not apply to income derived from investments or deposits held as a member of a property investment LLP; and for this purpose "income" includes relevant stock lending fees, in relation to any investments, to which subsection (1) would apply by virtue of section 129B of ICTA (inclusion of relevant stock lending fees in income).

(3) In this Part "investments", in relation to a registered pension scheme, includes futures contracts and options contracts; and income derived from transactions relating to futures contracts or options contracts is to be treated as derived from the contracts.

(4) For that purpose a contract is not prevented from being a futures contract or an options contract by the fact that a party is or may be entitled to receive or liable to make,

or entitled to receive and liable to make, only a payment of a sum (as opposed to a transfer of assets) in full settlement of all obligations.

187 Chargeable gains

(1) Section 271 of TCGA 1992 (exemptions) is amended as follows.

(2) In paragraph (b) of subsection (1), for the words after "part of" substitute "the Fund mentioned in section 613(4) of the Taxes Act (House of Commons Members' Fund);".

(3) In subsection (1), omit—

(a) paragraph (d) (retirement annuity contracts),

(b) paragraph (g) (exempt approved schemes),

(c) paragraph (h) (approved personal pension schemes), and

(d) paragraph (j) (authorised unit trusts which are also approved personal pension schemes or exempt approved schemes),

and the second sentence.

(4) After that subsection insert—

"(1A) A gain accruing to a person on a disposal of investments held for the purposes of a registered pension scheme is not a chargeable gain."

(5) Omit subsection (2) (superannuation funds approved before 6th April 1980).

(6) In subsection (10)—

(a) for "subsections (1)(g) and (h) and (2)" substitute "subsection (1A)", and

(b) omit the words after "options contracts".

(7) In subsection (12), for "Subsection (1)(b), (c), (d), (g) and (h) and subsection (2)" substitute "Subsections (1)(b) and (c) and (1A)".

Members' contributions

188 Relief for contributions

(1) An individual who is an active member of a registered pension scheme is entitled to relief under this section in respect of relievable pension contributions paid during a tax year if the individual is a relevant UK individual for that year.

(2) In this Part "relievable pension contributions", in relation to an individual and a pension scheme, means contributions by or on behalf of the individual under the pension scheme other than contributions to which subsection (3) applies.

(3) This subsection applies to—

(a) any contributions paid after the individual has reached the age of 75,

(b) any contributions paid by an employer of the individual (as to which see sections 196 to 201), and

(c) any amounts paid by the Board of Inland Revenue under section 42A(3) or 43 of the Pension Schemes Act 1993 (c. 48) or section 38A(3) or 39 of the Pension Schemes (Northern Ireland) Act 1993 (c. 49) (rebates and minimum contributions).

(4) For the purposes of this Part a pension credit which increases the rights of the individual under the pension scheme is only to be treated as a contribution on behalf of the individual if it derives from a pension scheme that is not a registered pension scheme.

(5) For the purposes of this Part—

(a) any other transfer of any sum held for the purposes of, or representing accrued rights under, a pension scheme so as to become held for the purposes of, or to represent rights under, another pension scheme, and

(b) any transfer lump sum death benefit,

is not to be treated as a contribution.

(6) Any amount recovered by the individual's employer under regulations made under—

(a) section 8(3) of the Pension Schemes Act 1993 (recovery of minimum payments), or

(b) section 4(3) of the Pension Schemes (Northern Ireland) Act 1993, (corresponding provision for Northern Ireland),

in respect of minimum payments made to a registered pension scheme is to be treated for the purposes of this section (and sections 191 to 194) as a contribution paid by the individual under the pension scheme.

(7) References in the Income Tax Acts to relief in respect of life assurance premiums do not include relief under this section.

(8) The following sections make further provision about relief under this section—

section 189 (relevant UK individual),

section 190 (annual limit for relief),

sections 191 to 194 (methods of giving relief), and

section 195 (transfer of certain shares to be treated as payment of contribution).

189 Relevant UK individual

(1) For the purposes of this Part an individual is a relevant UK individual for a tax year if—

(a) the individual has relevant UK earnings chargeable to income tax for that year,

(b) the individual is resident in the United Kingdom at some time during that year,

(c) the individual was resident in the United Kingdom both at some time during the five tax years immediately before that year and when the individual became a member of the pension scheme, or

(d) the individual, or the individual's spouse, has for the tax year general earnings from overseas Crown employment subject to UK tax.

(2) In this Part "relevant UK earnings" means—

(a) employment income,

(b) income which is chargeable under Schedule D and is immediately derived from the carrying on or exercise of a trade, profession or vocation (whether individually or as a partner acting personally in a partnership), and

(c) income to which section 529 of ICTA (patent income of an individual in respect of inventions) applies.

(3) For the purposes of this section and section 190 relevant UK earnings are to be treated as not being chargeable to income tax if, in accordance with arrangements having

effect by virtue of section 788 of ICTA (double taxation agreements), they are not taxable in the United Kingdom.

(4) "General earnings from overseas Crown employment subject to UK tax" has the meaning given by section 28 of ITEPA 2003.

190 Annual limit for relief

(1) The maximum amount of relief to which an individual is entitled under section 188 (relief for contributions) for a tax year is (subject as follows) the amount of the individual's relevant UK earnings which are chargeable to income tax for the tax year.

(2) If the amount of the individual's relevant UK earnings which are chargeable to income tax for the tax year is less than the basic amount, the maximum amount of relief to which the individual is entitled under section 188 for the tax year is increased by the difference between—

(a) the amount of the individual's relevant UK earnings which are so chargeable, and

(b) the basic amount,

(so that, if the individual has no relevant UK earnings which are so chargeable, the maximum amount of such relief is the basic amount).

(3) Subsection (2) is subject to section 191(7) (limit on methods of giving relief to which individual is entitled by virtue of subsection (2)).

(4) "The basic amount" is £3,600 or such greater amount as the Treasury may by order specify.

(5) Subsections (1) and (2) do not apply in relation to any amount of relief to which an individual is entitled under section 188 in respect of any amount recovered by the individual's employer under regulations made under—

(a) section 8(3) of the Pension Schemes Act 1993 (c. 48) (recovery of minimum payments), or

(b) section 4(3) of the Pension Schemes (Northern Ireland) Act 1993 (c. 49) (corresponding provision for Northern Ireland).

191 Methods of giving relief

(1) Relief to which an individual is entitled under section 188 (relief for contributions) in respect of contributions is to be given as provided by this section.

(2) Subject as follows, the relief is to be given in accordance with section 192 (relief at source).

(3) Subject to subsection (7), relief in respect of contributions under a pension scheme made by a member of the pension scheme may (instead of being given in accordance with section 192) be given in accordance with section 193 (relief under net pay arrangements) if—

(a) the pension scheme is an occupational pension scheme,

(b) the member is an employee of a sponsoring employer, and

(c) relief in respect of contributions made under the pension scheme by all of the other members of the pension scheme who are employees of the sponsoring employer is given in accordance with that section.

(4) Subject to subsection (7), relief in respect of contributions under a pension scheme made by a member of the pension scheme may (instead of being given in accordance with section 192) be given in accordance with section 193 if—

(a) the pension scheme is a public service pension scheme or marine pilots' benefits fund, and

(b) the member is an employee.

(5) Subject to subsection (7), subsection (6) applies where—

(a) contributions are made under a public service pension scheme or marine pilots' benefit fund by a member who is not an employee, or

(b) contributions are made otherwise than by a member of the pension scheme under a net pay pension scheme.

(6) Relief in respect of the contributions—

(a) may (but need not) be given in accordance with section 192, but

(b) where not so given, is to be given in accordance with section 194 (relief on making of claim).

(7) Relief to which an individual is entitled by virtue of section 190(2)—

(a) may only be given in accordance with section 192, and

(b) is not required to be given in respect of contributions under a net pay pension scheme.

(8) In this section "marine pilots' benefits fund" means—

(a) a fund established under section 15(1)(i) of the Pilotage Act 1983 (c. 21), or

(b) any scheme supplementing or replacing such a fund.

(9) In this Part "net pay pension scheme" means a pension scheme in the case of which some or all of the members of the pension scheme are entitled to be given relief in accordance with section 193 in respect of the payment of contributions by them under the pension scheme.

(10) Schedule 36 contains (in Part 4) transitional provision about relief in respect of contributions to pre-commencement retirement annuity contracts.

192 Relief at source

(1) Where an individual is entitled to be given relief in accordance with this section in respect of the payment of a contribution under a pension scheme, the individual or other person by whom the contribution is paid is entitled, on making the payment, to deduct and retain out of it a sum equal to income tax on the contribution at the basic rate for the tax year in which the payment is made.

(2) If a sum is deducted from the payment of the contribution—

(a) the scheme administrator must allow the deduction on receipt of the residue,

(b) the individual or other person is acquitted and discharged of so much money as is represented by the deduction as if the sum had actually been paid, and

(c) the sum deducted is to be treated as income tax paid by the scheme administrator.

(3) When the payment of the contribution is received—

(a) the scheme administrator is entitled to recover from the Board of Inland Revenue the amount which is treated as income tax paid by the scheme administrator in relation to the contribution, and

(b) any amount so recovered is to be treated for the purposes of the Tax Acts in the same manner as the payment of the contribution.

(4) If (apart from this subsection) income tax or capital gains tax at the higher rate is chargeable in respect of any part of the individual's total income or chargeable gains for the tax year, on the making of a claim the basic rate limit for that year in the individual's case is increased by the amount of the contribution.

(5) For the purposes of sections 257(5) and 257A(5) of ICTA (age related allowances), the individual's total income for the tax year is to be treated as reduced by the amount of the contribution.

(6) Subsections (1) and (2) have effect subject to such conditions as the Board of Inland Revenue may prescribe by regulations.

(7) The Board of Inland Revenue may by regulations make provision for carrying subsections (1) to (3) into effect, in particular by making provision—

(a) about how a sum is to be recovered under subsection (3)(a) (including the manner in which a claim for the recovery of a sum is to be made),

(b) for the giving of such information, in such form, as may be prescribed by or under the regulations,

(c) for the inspection of documents by persons authorised by the Board of Inland Revenue, and

(d) specifying the consequences of failure to comply with conditions prescribed by virtue of subsection (6).

(8) Regulations under this section may, in particular—

(a) modify the operation of any provision of the Tax Acts, or

(b) provide for the application of any provision of the Tax Acts (with or without modification).

(9) Where, after relief is given to an individual in accordance with this section for a tax year, an assessment, alteration of an assessment or other adjustment of the individual's liability to tax is made, any appropriate consequential adjustments are to be made in relief given to the individual in accordance with this section.

(10) Where relief is given to an individual in accordance with this section for a tax year in respect of a contribution, relief is not to be given—

(a) in respect of the contribution under any other provision of the Income Tax Acts, or

(b) (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.

193 Relief under net pay arrangements

(1) This section applies where an individual is entitled to be given relief in accordance with this section in respect of the payment of a contribution under a pension scheme.

(2) The amount of the contribution is to be allowed to be deducted by the sponsoring employer from the employment income from the individual's employment with the employer for the tax year in which the payment is made.

(3) A deduction may be made only once in respect of the same contribution.

(4) A claim for excess relief may be made if—

(a) the amount of the contributions paid by an individual under one or more relevant net pay pension schemes in a tax year exceeds the employment income from the individual's employment or employments with the sponsoring employer or employers for the tax year, or

(b) it is not possible for the sponsoring employer or employers for any other reason to deduct the whole amount of the contribution from the individual's employment income.

(5) A net pay pension scheme is a relevant net pay pension scheme if the members of the pension scheme entitled to be given relief in accordance with this section in respect of the payment of contributions by them under the pension scheme include the individual.

(6) On the making of the claim for excess relief the amount of the excess may be deducted from the total income of the individual for the tax year.

(7) Where, after relief is given to an individual in accordance with this section for a tax year, an assessment, alteration of an assessment or other adjustment of the individual's liability to tax is made, any appropriate consequential adjustments are to be made in relief given to the individual in accordance with this section.

(8) Where relief is given to an individual in accordance with this section for a tax year in respect of a contribution, relief is not to be given in respect of it under any other provision of the Income Tax Acts.

194 Relief on making of claim

(1) Where an individual is entitled to be given relief in accordance with this section in respect of the payment of a contribution, on the making of a claim the amount of the contribution may be deducted from the total income of the individual for the tax year in which the payment is made.

(2) Where, after relief is given to an individual in accordance with this section for a tax year, an assessment, alteration of an assessment or other adjustment of the individual's liability to tax is made, any appropriate consequential adjustments are to be made in relief given to the individual in accordance with this section.

(3) Where relief is given to an individual in accordance with this section for a tax year in respect of a contribution, relief is not to be given—

(a) in respect of the contribution under any other provision of the Income Tax Acts, or

(b) (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.

195 Transfer of certain shares to be treated as payment of contribution

(1) For the purposes of sections 188 to 194 (relief for contributions) references to contributions paid by an individual include contributions made in the form of the transfer by the individual of eligible shares in a company within the permitted period.

(2) For the purposes of those sections the amount of a contribution made by way of a transfer of shares is the market value of the shares at the date of the transfer.

(3) "Eligible shares", in relation to a contribution made by an individual, means shares—

(a) which the individual has exercised a right to acquire in accordance with the provisions of an SAYE option scheme, or

(b) which have been appropriated to the individual in accordance with the provisions of a share incentive plan.

(4) "The permitted period"—

(a) in relation to shares which the individual has exercised a right to acquire in accordance with the provisions of an SAYE option scheme, is the period of 90 days following the exercise of that right, and

(b) in relation to shares which have been appropriated to the individual in accordance with the provisions of a share incentive plan, is the period of 90 days following the date when the individual directed the trustees of the share incentive plan to transfer the ownership of the shares to the individual.

(5) In this section—

"SAYE option scheme" has the same meaning as in the SAYE code (see section 516 of ITEPA 2003 (approved SAYE option schemes)), and

"share incentive plan" has the same meaning as in the SIP code (see section 488 of ITEPA 2003 (approved share incentive plans)).

Employers' contributions

196 Relief for employers in respect of contributions paid

(1) This section makes provision about an employer's entitlement to relief in respect of contributions paid by the employer under a registered pension scheme in respect of any individual.

(2) For the purposes of Case I or II of Schedule D—

(a) the contributions are to be treated as not being payments of a capital nature to the extent that they otherwise would be, and

(b) if they are allowed to be deducted in computing the amount of the profits of the employer, they are deductible in computing the amount of the profits for the period of account in which they are paid.

(3) For the purposes of section 75 of ICTA (expenses of management: companies with investment business), the contributions—

(a) are to be treated as being expenses of management to the extent that they otherwise would not be, and

(b) are referable to the accounting period in which they are paid.

(4) For the purposes of section 76 of ICTA (expenses of insurance companies), the contributions—

(a) are to be brought into account at Step 1 in subsection (7) of that section to the extent that they otherwise would not be, and

(b) are referable to the accounting period in which they are paid.

(5) The references in this section to contributions include minimum payments under—

(a) section 8 of the Pension Schemes Act 1993 (c. 48), or

(b) section 4 of the Pension Schemes (Northern Ireland) Act 1993 (c. 49), other than any part recovered from a member of the pension scheme under regulations made under subsection (3) of either of those sections.

(6) This section is subject to sections 197 and 198 (spreading of relief) (and to transitional provision contained in Part 4 of Schedule 36).

197 Spreading of relief

(1) This section applies where—

(a) contributions are paid by an employer under a registered pension scheme in two consecutive chargeable periods ("the previous chargeable period" and "the current chargeable period"), and

(b) the amount of the contributions paid in the current chargeable period otherwise than for an excepted purpose ("CCCP") exceeds 210% of the amount of the contributions paid in the previous chargeable period ("CPCP").

(2) Relief under section 196 (relief for employers in respect of contributions paid) is to be given in respect of so much of CCCP as exceeds 110% of CPCP ("the amount of the relevant excess contributions") in accordance with subsections (4) and (5).

(3) But subsection (2)—

(a) does not apply if the amount of the relevant excess contributions is less than £500,000, and

(b) has effect subject to section 198 (cessation of business).

(4) A fraction of the whole of the amount of the relevant excess contributions is to be treated for the purposes of section 196 as if it had been paid in the chargeable period, or in each of the two or three chargeable periods, immediately after the current chargeable period (leaving only the remainder to be treated as paid in the current chargeable period).

(5) The following table specifies (by reference to the amount of the relevant excess contributions)—

(a) the fraction of the whole of the amount of the relevant excess contributions which is to be treated as paid in the chargeable period, or in each of the two or three chargeable periods, immediately after the current chargeable period, and

(b) the chargeable period or periods in which it is to be treated as paid.

AMOUNT OF THE RELEVANT EXCESS CONTRIBUTIONS	*FRACTION AND CHARGEABLE PERIOD OR PERIODS*
500,000 or more but less than 1,000,000	One-half of the whole of the amount of the relevant excess contributions is to be treated as paid in the chargeable period immediately after the current chargeable period
1,000,000 or more but less than 2,000,000	One-third of the whole of the amount of the relevant excess contributions is to be treated as paid in each of the two chargeable periods immediately after the current chargeable period

AMOUNT OF THE RELEVANT EXCESS CONTRIBUTIONS	*FRACTION AND CHARGEABLE PERIOD OR PERIODS*
2,000,000 or more	One-quarter of the whole of the amount of the relevant excess contributions is to be treated as paid in each of the three chargeable periods immediately after the current chargeable period

(6) Subsection (7) specifies for the purposes of subsection (1) when contributions paid by the employer in the current chargeable period are paid for an excepted purpose.

(7) They are paid for an excepted purpose if paid with a view to funding—

(a) an increase in the amount of pensions paid to pensioner members of the pension scheme to reflect increases in the cost of living, or

(b) benefits which may accrue under the pension scheme to or in respect of individuals who become members of the pension scheme in the current chargeable period as a result of future service as employees of the employer.

(8) Where the previous chargeable period and the current chargeable period are not of equal length, this section has effect as if CPCP were the amount it would otherwise be as adjusted by being multiplied by the appropriate factor.

(9) The appropriate factor is—

$$\frac{DCCP}{DPCP}$$

where—

DCCP is the number of days in the current chargeable period, and

DPCP is the number of days in the previous chargeable period.

(10) In this section "chargeable period" means—

(a) in a case where the contributions are deducted in computing profits to be charged under Case I or II of Schedule D, a period of account, and

(b) in a case where relief in respect of the contributions is given under section 75 or 76 of ICTA (expenses of management: companies with investment business and expenses of insurance companies), an accounting period.

198 Spreading of relief: cessation of business

(1) This section applies if—

(a) the employer ceases to carry on business in the current chargeable period or a later chargeable period in which section 197(4) would require a fraction of the amount of the relevant excess contributions to be treated as paid, and

(b) were section 197(4) to apply, relief in relation to the whole of the amount of the relevant excess contributions would not be given pre-cessation.

(2) Relief is given pre-cessation if it is given for the chargeable period in which the employer ceases to carry on business or any earlier chargeable period.

(3) The portion of the amount of the relevant excess contributions in relation to which relief would not have been given pre-cessation ("the unrelieved portion") is be treated as paid (at the option of the employer) either—

(a) in the chargeable period in which the employer ceases to carry on business, or
(b) as provided by subsection (4).

(4) This subsection provides that the amount determined under subsection (5) is to be treated as paid on each day in the period—
(a) beginning with the current chargeable period, and
(b) ending with the day on which the employer ceases to carry on business,

("the relevant period").

(5) The amount referred to in subsection (4) is—

$$\frac{UP}{DRP}$$

where—

UP is the amount of the unrelieved portion, and

DRP is the number of days in the relevant period.

(6) Expressions used in this section and section 197 have the same meaning in this section as in that section.

199 Deemed contributions

(1) This section applies where a sum is paid to the trustees or managers of a registered pension scheme by an employer in or towards the discharge of any liability of the employer under—
(a) section 75 of the Pensions Act 1995 (c. 26)(deficiencies in the assets of a pension scheme), or
(b) Article 75 of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) (corresponding provision for Northern Ireland).

(2) The making of the payment is to be treated for the purposes of—
(a) Case I and II of Schedule D,
(b) section 75 of ICTA (expenses of management: companies with investment business), and
(c) section 76 of ICTA (expenses of insurance companies),

as if it were the payment of a contribution by the employer under the pension scheme.

(3) Subsections (4) and (5) apply if the employer's trade, profession, vocation or business is discontinued before the making of the payment.

(4) The payment is to be relieved—
(a) to the same extent as it would have been but for the discontinuance, and
(b) as if it had been made on the last day on which the trade, profession, vocation or business was carried on.

(5) And for the purposes of section 76 of ICTA it is to be treated (to the extent that it would not otherwise be) as part of expenses payable falling to be brought into account at Step 1 in subsection (7) of that section.

200 No other relief for employers in connection with contributions

No sums other than contributions paid by an employer under a registered pension scheme—

(a) are deductible in computing the amount of the profits of the employer for the purposes of Case I or II of Schedule D,

(b) are expenses of management for the purposes of section 75 of ICTA (expenses of management: companies with investment business), or

(c) are to be brought into account at Step 1 in section 76(7) of ICTA (expenses of insurance companies),

in connection with the cost of providing benefits under the pension scheme.

201 Relief for employees

(1) In section 307(1) of ITEPA 2003 (exemption for provision made by employer for retirement or death benefit), after "employer" insert "under a registered pension scheme or otherwise".

(2) For section 308 of ITEPA 2003 (exemption of contributions to approved personal pension arrangements) substitute—

"**308 Exemption of contributions to registered pension scheme**

No liability to income tax arises in respect of earnings where an employee's employer makes contributions under a registered pension scheme."

Inland Revenue contributions

202 Minimum contributions under pensions legislation

(1) This section applies where under—

(a) section 43 of the Pension Schemes Act 1993 (c. 48), or

(b) section 39 of the Pension Schemes (Northern Ireland) Act 1993 (c. 49),

the Board of Inland Revenue pays minimum contributions for the purposes of a registered pension scheme.

(2) The amount of the minimum contributions is to be increased by the difference between—

(a) the amount of the employee's share of the minimum contributions, and

(b) the grossed-up equivalent of that amount.

(3) The amount of the employee's share of the minimum contributions is the amount that would be the amount of the minimum contributions if—

(a) for the reference to the age-related percentage in section 45(1) of the Pension Schemes Act 1993 (amount of minimum contributions) there were substituted a reference to the percentage mentioned in section 41(1A) of that Act (percentage used to reduce primary Class 1 contribution), or

(b) for the reference to the age-related percentage in section 41(1) of the Pension Schemes (Northern Ireland) Act 1993 there were substituted a reference to the percentage mentioned in section 37(1A) of that Act (corresponding provisions for Northern Ireland).

(4) The "grossed-up equivalent" of the amount of the employee's share of the minimum contributions is the sum which, after deduction of income tax at the basic rate in force for the tax year for which the minimum contributions are paid, is equal to that amount.

(5) The Board of Inland Revenue may by regulations—
   (a) prescribe circumstances in which this section does not apply, or
   (b) make provision supplementing this section.

(6) The Board of Inland Revenue must—
   (a) pay into the National Insurance Fund out of money provided by Parliament the amount of any increase attributable to this section in the sums paid out of that Fund under the Pension Schemes Act 1993, and
   (b) pay into the Northern Ireland National Insurance Fund out of money provided by Parliament the amount of any increase attributable to this section in the sums paid out of that Fund under the Pension Schemes (Northern Ireland) Act 1993.

Inheritance tax exemptions

203 Inheritance tax exemptions

(1) The Inheritance Tax Act 1984 (c. 51) is amended as follows.

(2) In section 12 (dispositions that are not transfers of value)—
   (a) in subsection (2), for the words following "if" substitute "it is a contribution under a registered pension scheme or section 615(3) scheme in respect of an employee of the person making the disposition.", and
   (b) omit subsections (3) and (4).

(3) In section 58(1) (settled property in which no qualifying interest in possession subsists but which is not "relevant property"), for paragraph (d) substitute—
      "(d) property which is held for the purposes of a registered pension scheme or section 615(3) scheme;".

(4) In section 151 (treatment of pension rights etc.)—
   (a) omit subsections (1) and (1A),
   (b) in subsections (2), (4) and (5), for "fund or scheme to which this section applies" substitute "registered pension scheme or section 615(3) scheme", and
   (c) in subsection (2)(b), for the "fund or scheme" (in both places) substitute "scheme".

(5) In section 152 (cash options), for the words from the beginning to "or scheme" substitute "Where on a person's death an annuity becomes payable under a registered pension scheme or section 615(3) scheme to a widow, widower or dependant of that person and under the terms of the scheme".

(6) In section 272 (general interpretation), insert at the appropriate places—

""registered pension scheme" has the same meaning as in Part 4 of the Finance Act 2004;", and

""section 615(3) scheme" means a superannuation fund to which section 615(3)of the Taxes Act 1988 applies;".