

**Changes to legislation:** Finance Act 2004, Paragraph 1B is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

## SCHEDULES

### SCHEDULE 29

#### REGISTERED PENSION SCHEMES: AUTHORISED LUMP SUMS—SUPPLEMENTARY

##### Modifications etc. (not altering text)

- C1** Sch. 29 modified by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), [art. 23C](#) (as inserted (1.6.2009) by [S.I. 2009/1172](#), arts. 1, 3 (as amended (with effect in accordance with [s. 42\(9\)](#) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), s. 42(5); and as amended by [Taxation of Pensions Act 2014 \(c. 30\)](#), Sch. 1 para. 72(1) (with Sch. 1 para. 72(2)(b)))
- C1** Sch. 29 modified by [The Pensions Schemes \(Application of UK Provisions to Relevant Non-UK Schemes\) Regulations 2006 \(S.I. 2006/207\)](#), regs. 1(1), [15](#) (as substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by [S.I. 2012/1795](#), regs. 1(1), 6; and amended by [Taxation of Pensions Act 2014 \(c. 30\)](#), Sch. 1 para. 96(3)-(14) (with Sch. 1 para. 96(16)(b))

### PART 1

#### LUMP SUM RULE

##### Modifications etc. (not altering text)

- C1** Sch. 29 Pt. 1 modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), [25\(1\)\(2\)\(4\)](#)
- C1** Sch. 29 Pt. 1 applied (with modifications) (6.4.2006) by [The Pension Protection Fund \(Tax\) Regulations 2006 \(S.I. 2006/575\)](#), regs. 1, [11](#)

#### *Pension commencement lump sum*

- [<sup>F1</sup>1B (1) When deciding whether a lump sum to which this paragraph applies is a pension commencement lump sum—
- (a) paragraph 1(1)(aa) and (c) and (3) are to be omitted,
  - (b) paragraph 1(4) is to be treated as referring to the actual pension (see subparagraph (2)(h) of this paragraph), and
  - (c) paragraph 2(2) is to be treated as referring to the arrangement under which the member was expected to become entitled to the expected pension (see subparagraph (2)(b) of this paragraph).
- (2) This paragraph applies to a lump sum if—
- (a) the sum is paid in respect of a money purchase arrangement,
  - (b) the sum is paid to the member in connection with a pension under a registered pension scheme to which it is expected that the member will become entitled (“the expected pension”),

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- (c) the expected pension is income withdrawal, a lifetime annuity or a scheme pension,
  - (d) the sum is paid before the member becomes entitled to the expected pension,
  - (e) either—
    - (i) the sum is paid on or after 19 September 2013 but before 6 April 2015, or
    - (ii) the sum is paid before 19 September 2013, a contract for a lifetime annuity is entered into to provide the expected pension, and on or after 19 March 2014 the contract is cancelled,
  - (f) the sum is not repaid at any time before 6 October 2015,
  - (g) before the member becomes entitled to the expected pension, there is a recognised transfer of the sums and assets that immediately before the transfer represent the sums and assets that when the sum was paid were held for the purpose of providing the expected pension,
  - (h) the member becomes entitled before 6 October 2015 to a pension under the scheme to which the recognised transfer is made ( “ the actual pension ”),
  - (i) the actual pension is income withdrawal, a lifetime annuity or a scheme pension, or some combination of them, and
  - (j) all of the sums and assets that represent the sums and assets transferred by the recognised transfer are used to provide the actual pension.
- (3) If a lump sum to which this paragraph applies is a pension commencement lump sum, any lump sum paid—
- (a) to the member,
  - (b) by the scheme to which the recognised transfer mentioned in sub-paragraph (2)(g) is made or by any other registered pension scheme (including the scheme from which the transfer was made), and
  - (c) in connection with the member's becoming entitled to the actual pension,
- is not a pension commencement lump sum.
- (4) For the purposes of sub-paragraph (2), if the circumstances are as described in sub-paragraph (2)(e)(ii), the member is treated as not having become entitled to the expected pension as a result of the cancelled contract having been entered into.]

#### Textual Amendments

**F1** Sch. 29 para. 1B inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 2\(1\), 15](#)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)