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SCHEDULES

SCHEDULE 29

REGISTERED PENSION SCHEMES: AUTHORISED LUMP SUMS—SUPPLEMENTARY

Modifications etc. (not altering text)

- 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))
- C2** 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)))

PART 1

LUMP SUM RULE

Modifications etc. (not altering text)

- C3** 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)**
- C4** 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

- 1 (1) For the purposes of this Part a lump sum is a pension commencement lump sum if—
- ^{F1}[^{F2}(a)
- (aa) the member becomes entitled to it in connection with becoming entitled to a relevant pension (or dies after becoming entitled to it but before becoming entitled to the relevant pension in connection with which it was anticipated that the member would become entitled to it)
- (b) it is paid when all or part of the member's lifetime allowance is available [^{F3}(but see sub-paragraph (3A))],
- (c) it is paid within the period [^{F4}beginning six months before, and ending one year after,] the day on which the member becomes entitled to it,
- (d) it is paid when the member has reached normal minimum pension age (or the ill-health condition is satisfied),
- ^{F5}(e) and

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- (f) it is not an excluded lump sum (see ^{F6}sub-paragraphs (4) and (4A)).
- (2) But if a lump sum falling within sub-paragraph (1) exceeds the permitted maximum, the excess is not a pension commencement lump sum.
- (3) A pension is a relevant pension if—
- (a) it is income withdrawal, a lifetime annuity or a scheme pension, and
 - (b) the member becomes entitled to it ^{F7}[^{F8}... under the pension scheme] under which the member becomes entitled to the lump sum.
- ^{F9}(3A) In a case where—
- (a) the member becomes entitled to a lump sum before reaching the age of 75, but
 - (b) it is not paid to the member until after the member has reached that age, the reference in sub-paragraph (1)(b) to the lump sum being paid is to be read as a reference to the member becoming entitled to it.]
- (4) A lump sum is an excluded lump sum if—
- (a) the pension in connection with which the member becomes entitled to it is a scheme pension the rate of which is to reduce (or which is to cease to be payable) in accordance with paragraph 2(4)(c) of Schedule 28 ^{F10}..., and
 - (b) the sole or main purpose of making provision for the pension to be such a pension was to increase the member's entitlement to a lump sum on which there is no liability to income tax.
- ^{F11}(4A) A lump sum is an excluded lump sum if the pension in connection with which the member becomes entitled to it is a CMP-derived drawdown pension.]
- (5) Paragraph 2 defines the permitted maximum.
- ^{F12}(6) The Board of Inland Revenue may by regulations provide that, where incorrect income tax has been paid by the scheme administrator in relation to the member by way of the lifetime allowance charge in circumstances prescribed by the regulations, a lump sum subsequently paid to the member in circumstances so prescribed is to be treated as a pension commencement lump sum ^{F13}[even though the condition in sub-paragraph (1)(c) is not met.]]

Textual Amendments

- F1** Sch. 29 para. 1(1)(a) omitted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(2\)\(a\)](#)
- F2** Sch. 29 para. 1(1)(a)(aa) substituted (retrospective to 6.4.2006) for Sch. 29 para. 1(1)(a) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(2\)\(a\)](#), 24(3)
- F3** Words in Sch. 29 para. 1(1)(b) inserted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(2\)\(b\)](#)
- F4** Words in Sch. 29 para. 1(1)(c) substituted (retrospective to 6.4.2006) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(2\)\(b\)](#), 24(3)
- F5** Words in Sch. 29 para. 1(1)(e) omitted (retrospective to 6.4.2006) by virtue of [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(2\)\(c\)](#), 24(3)
- F6** Words in Sch. 29 para. 1(1)(f) substituted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(2\)\(a\)](#), 25(1); S.I. 2022/874, reg. 2
- F7** Words in Sch. 29 para. 1(3)(b) omitted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(2\)](#)

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- F8** Words in Sch. 29 para. 1(3)(b) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 34\(2\), 64\(1\)](#)
- F9** Sch. 29 para. 1(3A) inserted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(3\)](#)
- F10** Words in Sch. 29 para. 1(4)(a) omitted (with effect in accordance with s. 51(5) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [s. 51\(3\)](#)
- F11** Sch. 29 para. 1(4A) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [s. 24\(7\)](#)
- F12** Sch. 29 para. 1(6) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 34\(3\), 64\(1\)](#)
- F13** Words in Sch. 29 para. 1(6) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(4\)](#)

Modifications etc. (not altering text)

- C5** Sch. 29 para. 1 modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), [arts. 1\(1\), 28](#)
- C6** Sch. 29 para. 1 modified (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), [Sch. 3 para. 7](#)
- C7** Sch. 29 para. 1(1) modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), [arts. 1\(1\), 18](#)

[^{F14}1A (1) Paragraph 1(1)(c) is to be omitted when deciding whether a lump sum to which this paragraph applies is a pension commencement lump sum.

- (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 before the member becomes entitled to the sum,
 - (c) 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 pension in connection with which the sum is paid, and on or after 19 March 2014 the contract is cancelled, and
 - (d) the member becomes entitled to the sum before 6 October 2015.
- (3) Where—
- (a) a lump sum to which this paragraph applies is a pension commencement lump sum but would not be a pension commencement lump sum if sub-paragraph (1) were omitted, and
 - (b) the lump sum is paid to the member in connection with a pension under the scheme to which it is expected that the member will become entitled (“the expected pension”),

no lump sum paid to the member out of the expected-pension fund is a pension commencement lump sum; and here “the expected-pension fund” means the sums and assets that from time to time represent the sums and assets that, when the lump sum mentioned in paragraph (a) was paid, were held for the purpose of providing the expected pension.

- (4) For the purposes of sub-paragraph (2), if the circumstances are as described in sub-paragraph (2)(c)(ii), the member is treated as not having become entitled to the arranged pension as a result of the cancelled contract having been entered into; and here “the arranged pension” means the pension that would have been provided by that contract had it not been cancelled.]

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Textual Amendments

F14 Sch. 29 para. 1A inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 1, 15](#)

^{F15}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 sub-paragraph (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 sub-paragraph (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”),
- (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.

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- (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

F15 Sch. 29 para. 1B inserted (19.3.2014) by Finance Act 2014 (c. 26), Sch. 5 paras. 2(1), 15

- 2 (1) If sub-paragraph (2) applies, the permitted maximum is nil.
- (2) This sub-paragraph applies if all the member's rights under the arrangement under which the member becomes entitled to the relevant pension are attributable to a disqualifying pension credit.
- (3) A pension credit is disqualifying if, when the member becomes entitled to it, the person subject to the corresponding pension debit has an actual (rather than a prospective) right to payment of a pension under the relevant arrangement.
- (4) The relevant arrangement is the arrangement to which the pension sharing order or provision, by virtue of which the member becomes entitled to the pension credit, relates.
- (5) If sub-paragraph (2) does not apply, the permitted maximum is the lower of—
- (a) the available portion of the member's lump sum allowance, and
 - (b) the applicable amount, calculated in accordance with paragraph 3.
- [^{F16}(5A) But if the member dies before becoming entitled to the relevant pension in connection with which it was anticipated that the member would become entitled to the lump sum, the permitted maximum is the available portion of the member's lump sum allowance.]
- (6) The available portion of the member's lump sum allowance is—

$$\frac{\text{CSLA} - \text{AAC}}{4}$$

where—

CSLA is the current standard lifetime allowance, and

AAC is the aggregate of the [^{F17}relevant amount in the case of] each benefit crystallisation event which has occurred in relation to the member before the member becomes entitled to the lump sum, as adjusted under sub-paragraph (7) (and if no such benefit crystallisation event has occurred, is nil).

- [^{F18}(6A) Subject to sub-paragraph (6B), the relevant amount in the case of a benefit crystallisation event is the amount crystallised by it.

- (6B) If the benefit crystallisation event is becoming entitled to a scheme pension under a money purchase arrangement [^{F19}that is not a collective money purchase arrangement], the relevant amount in the case of the benefit crystallisation event is the aggregate of—

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- (a) the amount of such of the sums held for the purposes of the pension scheme, and
- (b) the market value of such of the assets held for the purposes of the pension scheme,

as are applied in (or in connection with) the purchase or provision of the scheme pension and any related dependants' scheme pension.]

- (7) The adjustment of [^{F20}the relevant amount in the case of] a previous benefit crystallisation event referred to in the definition of AAC is the multiplication of the amount by—

$$\frac{\text{CSLA}}{\text{PSLA}}$$

where—

CSLA is the current standard lifetime allowance, and

PSLA is the standard lifetime allowance at the time of the previous benefit crystallisation event.

- [^{F21}(7A) For the purposes of determining the available portion of the member's lump sum allowance—

- (a) the fact that benefit crystallisation event 5 or benefit crystallisation event 5B has occurred in relation to the member is to be disregarded, and
- (b) anything which, but for paragraph 2 or 15A of Schedule 32, would have been a benefit crystallisation event is to be treated as if it were such an event.]

- (8) If the amount given by sub-paragraph (6) is negative, no portion of the member's lump sum allowance is available.

- [^{F22}(9) Sub-paragraph (10) applies if the member is a protected individual (but not if this paragraph applies with the modifications set out in paragraph 27 or 28 of Schedule 36).

- (10) Sub-paragraphs (6) and (7) have effect[^{F23}—

- (a) where the member becomes entitled to the lump sum on or after 6 April 2014, as if PS LA in the case of any previous benefit crystallisation event which occurs on or after 6 April 2014 were £1,500,000 if that is greater than PS LA in that case, and
- (b)] as if CSLA were £1,500,000 if that is greater than CSLA.

- (11) The member is a “protected individual” if—

- (a) paragraph 7 of Schedule 36 (primary protection) makes provision for a lifetime allowance enhancement factor in relation to the member, or
- (b) at the time the member becomes entitled to the lump sum, paragraph 12 of that Schedule (enhanced protection) applies in relation to the member.]

Textual Amendments

F16 Sch. 29 para. 2(5A) inserted (retrospectively) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(4\)](#), [24\(3\)](#)

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- F17** Words in Sch. 29 para. 2(6) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 23\(2\)](#)
- F18** Sch. 29 para. 2(6A)(6B) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 23\(3\)](#)
- F19** Words in Sch. 29 para. 2(6B) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(3\)](#), 25(1); S.I. 2022/874, reg. 2
- F20** Words in Sch. 29 para. 2(7) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 23\(4\)](#)
- F21** Sch. 29 para. 2(7A) inserted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 25](#)
- F22** Sch. 29 para. 2(9)-(11) inserted (with effect in accordance with Sch. 22 para. 8(3) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 22 para. 8\(2\)](#)
- F23** Words in Sch. 29 para. 2(10) inserted (with effect in accordance with Sch. 4 para. 28(3) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 4 para. 28\(1\)](#)

Modifications etc. (not altering text)

- C8** Sch. 29 para. 2 modified (1.5.2010) by [The Financial Assistance Scheme \(Tax\) Regulations 2010 \(S.I. 2010/1187\)](#), regs. 1(1), [19\(a\)](#)
- C9** Sch. 29 para. 2(6) modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), [19](#)

- 3 (1) Where the member becomes entitled to income withdrawal, the applicable amount is one third of the aggregate of—
- the amount of the sums designated as available for the payment of [^{F24}drawdown pension] on that occasion, and
 - the market value of the assets so designated,
- but subject to sub-paragraph (2).
- (2) Any of the sums and assets so designated which represent rights attributable to a disqualifying pension credit are to be disregarded.
- (3) Where the member becomes entitled to a lifetime annuity, the applicable amount is one third of the annuity purchase price.
- (4) “The annuity purchase price” is the aggregate of—
- the amount of such of the sums held for the purposes of the pension scheme, and
 - the market value of such of the assets held for the purposes of the pension scheme,
- as are applied in (or in connection with) the purchase [^{F25}of the lifetime annuity and any related dependants' annuity][^{F26}and any related nominees' annuity] but subject to sub-paragraph (5).
- [^{F27}(4A) For the purposes of this Part a dependants' annuity is related to a lifetime annuity payable to a member of a registered pension scheme—
- if they are purchased either in the form of a joint life annuity or separately in circumstances in which the day on which the one is purchased is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased, and
 - the dependant's annuity will be payable to a dependant of the member.]

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^{F28}(4B) For the purposes of this Part a nominees' annuity is related to a lifetime annuity payable to a member of a registered pension scheme—

- (a) if they are purchased either in the form of a joint life annuity or separately in circumstances in which the day on which the one is purchased is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased, and
- (b) the nominees' annuity will be payable to a nominee of the member.]

^{F29}(5) There is to be deducted from that aggregate—

- (a) if the sums or assets applied in (or in connection with) the purchase of the annuity or any related dependants' annuity [^{F30}or any related nominees' annuity] consist of or include sums or assets representing the whole or part of the [^{F31}member's drawdown pension fund][^{F32}or of the member's flexi-access drawdown fund], the aggregate of the amount of those sums and the market value of those assets, and
- (b) in any case, so much (if any) of the sums or assets applied in (or in connection with) the purchase of the annuity or any related dependants' annuity [^{F30}or any related nominees' annuity] as represents rights which are attributable to a disqualifying pension credit.]

(6) Where the member becomes entitled to a scheme pension [^{F33}under a defined benefits arrangement][^{F34}or a collective money purchase arrangement], the applicable amount is—

$$\frac{LS + AC}{4}$$

but subject to sub-paragraph (8).

(7) In sub-paragraph (6)—

LS is the amount of the lump sum, and

[^{F35}AC is—

- (a) in a case where the member becomes entitled to the pension before reaching the age of 75, the amount crystallised by reason of the member becoming entitled to the pension, disregarding paragraph 3 of Schedule 32, and
- (b) in a case where the member becomes entitled to the pension after reaching that age, the amount that would have been so crystallised (disregarding that paragraph) but for paragraph 2 of that Schedule.]

^{F36}(7A) Where the member becomes entitled to a scheme pension under a money purchase arrangement [^{F37}that is not a collective money purchase arrangement], the applicable amount is one third of the scheme pension purchase price.

(7B) “The scheme pension purchase price” is the aggregate of—

- (a) the amount of such of the sums held for the purposes of the pension scheme, and
- (b) the market value of such of the assets held for the purposes of the pension scheme,

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as are applied in (or in connection with) the purchase or provision of the scheme pension and any related dependants' scheme pension, but subject to sub-paragraph (8).

(7C) For the purposes of this Part a dependants' scheme pension is related to a scheme pension payable to a member of a registered pension scheme if—

- (a) the day on which one is purchased or sums or assets are applied for its provision is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased or sums or assets are applied for its provision, and
- (b) the dependants' scheme pension will be payable to a dependant of the member.]

(8) There is to be deducted from the aggregate of the amount of the lump sum and the amount crystallised [^{F38}or from the scheme pension purchase price]—

- (a) if the scheme pension is funded (in whole or in part) by the [^{F39}application] of sums or assets representing the whole or part of the [^{F40}member's drawdown pension fund][^{F41}or of the member's flexi-access drawdown fund], the aggregate of the amount of those sums and the market value of those assets, and
- (b) in any case, so much (if any) of the aggregate of the lump sum and the amount crystallised [^{F42}or of the scheme pension purchase price] as represents rights which are attributable to a disqualifying pension credit.

[^{F43}(8A) Sub-paragraphs (1) to (8) have effect subject to the following—

- (a) if—
 - (i) paragraph 1A or 1B applies to the lump sum,
 - (ii) the lump sum is paid more than 6 months before the day on which the member becomes entitled to it,
 - (iii) a contract for a lifetime annuity is entered into to provide the pension in connection with which the lump sum is paid, and
 - (iv) on or after 19 March 2014 the contract is cancelled,

the applicable amount is one third of the annuity purchase price that would have been given by sub-paragraphs (4) to (5) in the case of that annuity had the contract not been cancelled, and

- (b) if—
 - (i) paragraph 1A or 1B applies to the lump sum,
 - (ii) the lump sum is paid more than 6 months before the day on which the member becomes entitled to it, and
 - (iii) paragraph (a) does not apply,

the applicable amount is one third of the sums, plus one third of the then market value of the assets, held at the time the lump sum is paid for the purpose of providing the pension at that time expected to be the pension in connection with which the lump sum is paid.

(8B) For the purposes of sub-paragraph (8A)(a)(ii), the member is treated as not having become entitled to a pension as a result of the cancelled contract having been entered into.]

[^{F44}(9) Sub-paragraph (10) applies if—

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- (a) sums or assets held for the purposes of, or representing accrued rights under, a money purchase arrangement relating to the member under a registered pension scheme (“member money purchase funds”) are subject to a relevant surrender or a relevant transfer,
 - (b) the sole or main purpose of the relevant surrender or relevant transfer is to increase the applicable amount on the member becoming entitled to a scheme pension, and
 - (c) the member becomes entitled to a scheme pension under a relevant defined benefits arrangement.
- (10) The pension scheme under which the relevant defined benefits arrangement is an arrangement is to be treated as making an unauthorised payment to the member of any amount by which—
- (a) the applicable amount in relation to the scheme pension under sub-paragraph (6), exceeds
 - (b) the amount which would be that applicable amount under sub-paragraph (7A) if the arrangement were a money purchase arrangement.
- (11) For the purposes of sub-paragraph (9)—
- (a) member money purchase funds are subject to a relevant surrender if they are surrendered and, in consequence of the surrender, there is a corresponding increase in the sums or assets held for the purposes of, or representing rights under, a defined benefits arrangement relating to the member under the pension scheme (or such an arrangement is established), and
 - (b) member money purchase funds are subject to a relevant transfer if they are transferred so as to become held for the purposes of, or to represent rights under, a defined benefits arrangement relating to the member under any other registered pension scheme.
- (12) In sub-paragraphs (9) and (10) “relevant defined benefits arrangement” means—
- (a) the defined benefits arrangement mentioned in paragraph (a) or (b) of sub-paragraph (11), or
 - (b) any other defined benefits arrangement relating to the member (under the pension scheme or any other registered pension scheme) in the case of which any of the sums or assets held for the purposes of, or representing accrued rights under, the arrangement directly or indirectly represent sums or assets previously held for the purposes of, or representing accrued rights under, the defined benefits arrangement so mentioned.]

Textual Amendments

- F24** Words in Sch. 29 para. 3(1)(a) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(3\)\(a\)](#)
- F25** Words in Sch. 29 para. 3(4) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 30\(2\)](#), 64(1)
- F26** Words in [Sch. 29 para. 3\(4\)](#) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 14\(2\)](#)
- F27** Sch. 29 para. 3(4A) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 30\(3\)](#), 64(1)
- F28** [Sch. 29 para. 3\(4B\)](#) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 14\(3\)](#)
- F29** Sch. 29 para. 3(5) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 35\(2\)](#), 64(1)
- F30** Words in [Sch. 29 para. 3\(5\)](#) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 14\(4\)](#)
- F31** Words in Sch. 29 para. 3(5)(a) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(3\)\(b\)](#)

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- F32** Words in Sch. 29 para. 3(5)(a) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 22](#)
- F33** Words in Sch. 29 para. 3(6) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(2\)](#)
- F34** Words in Sch. 29 para. 3(6) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(4\)\(a\), 25\(1\)](#); S.I. 2022/874, reg. 2
- F35** Words in Sch. 29 para. 3(7) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 26](#)
- F36** Sch. 29 para. 3(7A)-(7C) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(3\)](#)
- F37** Words in Sch. 29 para. 3(7A) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(4\)\(b\), 25\(1\)](#); S.I. 2022/874, reg. 2
- F38** Words in Sch. 29 para. 3(8) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(4\)\(a\)](#)
- F39** Word in Sch. 29 para. 3(8) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 24, 64\(1\)](#)
- F40** Words in Sch. 29 para. 3(8)(a) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(3\)\(c\)](#)
- F41** Words in Sch. 29 para. 3(8)(a) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 22](#)
- F42** Words in Sch. 29 para. 3(8) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(4\)\(b\)](#)
- F43** Sch. 29 para. 3(8A)(8B) inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 4, 15](#)
- F44** Sch. 29 para. 3(9)-(12) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(5\)](#)

Modifications etc. (not altering text)

- C10** Sch. 29 para. 3(4A)(4B) applied by 2003 c. 1, s. 646B(7) (as inserted (with effect in accordance with Sch. 4 para. 17(2) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 17\(1\)](#))

[^{F45}3A (1) Where this paragraph applies in relation to a pension commencement lump sum paid to the member, the pension scheme is to be treated as making to the member an unauthorised payment of the appropriate amount.

(2) Subject to [^{F46}sub-paragraphs (3) to (4A)], this paragraph applies in relation to a pension commencement lump sum if—

- (a) because of the lump sum, the amount of the contributions paid by or on behalf of, or in respect of, the member to the pension scheme, or to any other registered pension scheme, is significantly greater than it otherwise would be, and
- (b) the member envisaged at the relevant time that that would be so.

(3) This paragraph does not apply in relation to any lump sum paid to the member on any day if the amount of the lump sum, when added to any other pension commencement lump sum paid to the member within the period of 12 months ending with that day, does not exceed [^{F47}£7,500].

(4) This paragraph does not apply if the amount by which the contributions paid as mentioned in sub-paragraph (2)(a) is greater than it otherwise would be because of the lump sum does not exceed 30% of the amount of the lump sum.

[This paragraph does not apply if—

- ^{F48}(4A) (a) the member has reached the age of 75 when the contributions are paid as mentioned in sub-paragraph (2)(a), and

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(b) the contributions are not paid by an employer of the member.]

[^{F49}(5) The appropriate amount” is—

- (a) where the member becomes entitled to the lump sum before reaching the age of 75, so much of the amount crystallised by the benefit crystallisation event constituted by its payment (or the amount that would have been so crystallised but for paragraph 15A of Schedule 32) as does not exceed the amount of the member's lifetime allowance which is available on it;
- (b) where the member becomes entitled to the lump sum after reaching that age, the amount of the lump sum.]

(6) “The relevant time” is—

- (a) if paragraph (a) of sub-paragraph (2) is satisfied before the lump sum is paid, the time when that paragraph is first satisfied, and
- (b) otherwise, the time when the lump sum is paid.]

Textual Amendments

- F45** Sch. 29 para. 3A inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 159\(1\)\(2\)](#)
- F46** Words in Sch. 29 para. 3A(2) substituted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 16 para. 27\(2\)](#)
- F47** Sum in Sch. 29 para. 3A(3) substituted (17.12.2014) (with effect in accordance with Sch. 1 para. 70(2) of the amending Act) by [Taxation of Pensions Act 2014 \(c. 30\), Sch. 1 para. 70\(1\)](#)
- F48** Sch. 29 para. 3A(4A) inserted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 16 para. 27\(3\)](#)
- F49** Sch. 29 para. 3A(5) substituted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 16 para. 27\(4\)](#)

Modifications etc. (not altering text)

- C11** Sch. 29 para. 3A excluded (N.I.) (1.4.2015) by [The Teachers Pension Scheme Regulations \(Northern Ireland\) 2014 \(S.R. 2014/310\), regs. 1, 167\(1\)](#)
- C12** Sch. 29 para. 3A excluded (E.W.) (1.4.2015) by [The Teachers' Pension Scheme Regulations 2014 \(S.I. 2014/512\), reg. 167\(1\)](#) (with reg. 183)

Serious ill-health lump sum

- 4 (1) For the purposes of this Part a lump sum is a serious ill-health lump sum if—
- (a) before it is paid the scheme administrator has received evidence from a registered medical practitioner that the member is expected to live for less than one year,
 - (b) it is paid when all or part of the member's lifetime allowance is available, [^{F50}and]
 - [^{F51}(ca) either—
 - (i) it is paid in respect of an uncrystallised arrangement, and it extinguishes the member's entitlement to benefits under the arrangement, or
 - (ii) it is paid in respect of uncrystallised rights of the member under an arrangement other than an uncrystallised arrangement, and it extinguishes the member's uncrystallised rights under the arrangement.]

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^{F52}(e)

(2) An uncrystallised arrangement is an arrangement in respect of which there has been no previous benefit crystallisation event.

[^{F53}(2A) In subsection (1)(ca)(ii) “uncrystallised rights”, in relation to the member, means rights of the member that are uncrystallised rights as defined by section 212(1) and (2).]

[^{F54}(3) For the purposes of sub-paragraph (2)—

- (a) the fact that benefit crystallisation event 5 or benefit crystallisation event 5B has occurred in relation to the member is to be disregarded, and
- (b) anything which, but for paragraph 2 of Schedule 32, would have been a benefit crystallisation event is to be treated as if it were such an event.]

Textual Amendments

- F50** Word in Sch. 29 para. 4(1)(b) inserted (with effect in accordance with Sch. 5 para. 4 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 5 para. 1(4)(a)**
- F51** Sch. 29 para. 4(1)(ca) substituted for Sch. 29 para. 4(1)(c)(d) (with effect in accordance with Sch. 5 para. 4 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 5 para. 1(4)(b)**
- F52** Sch. 29 para. 4(1)(e) and word omitted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 28(2)(b)**
- F53** Sch. 29 para. 4(2A) inserted (with effect in accordance with Sch. 5 para. 4 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 5 para. 1(5)**
- F54** Sch. 29 para. 4(3) inserted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 28(3)**

Modifications etc. (not altering text)

- C13** Sch. 29 para. 4(1) modified (6.4.2006) by [The Registered Pension Schemes \(Splitting of Schemes\) Regulations 2006 \(S.I. 2006/569\)](#), regs. 1(1), 3(1)(2), **Sch. 3 Pt. 1**
- C14** Sch. 29 para. 4(2) modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), **33(1)-(3)**

[^{F55}Uncrystallised funds pension lump sum

Textual Amendments

- F55** Sch. 29 para. 4A and cross-heading inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 57**

4A (1) For the purposes of this Part a lump sum is an uncrystallised funds pension lump sum if—

- (a) it is paid on or after 6 April 2015 in respect of a money purchase arrangement [^{F56}that is not a collective money purchase arrangement],
- (b) it is paid when all or part of the member's lifetime allowance is available,
- (c) it is paid when the member has reached normal minimum pension age (or the ill-health condition is met),
- (d) it is not a pension commencement lump sum,

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- (e) it is not a lump sum that, for the purposes of Part 9 of ITEPA 2003 (pension income), is treated by regulations under section 164(1)(f) and (2) as a trivial commutation lump sum paid to the member,
 - (f) immediately before the member becomes entitled to it, the sums or assets that are to be used to provide it—
 - (i) represent rights of the member under the scheme that are uncrystallised rights as defined by section 212(1) and (2), but
 - (ii) do not to any extent represent rights attributable to a disqualifying pension credit, and
 - (g) none of sub-paragraphs (3) to (5) applies to the member.
- (2) But if a lump sum falling within sub-paragraph (1)—
- (a) is paid when the member has not reached the age of 75, and
 - (b) exceeds the member's available lifetime allowance,
- the excess is not an uncrystallised funds pension lump sum.
- (3) This sub-paragraph applies to the member if—
- (a) paragraph 12 of Schedule 36 applies to the member (enhanced protection from 6 April 2006) immediately before the sum is paid, and
 - (b) the lump sum condition (see paragraphs 24(2) and (3), 25 and 26 of Schedule 36) is met in relation to the member.
- (4) This sub-paragraph applies to the member if—
- (a) paragraph 7 of Schedule 36 makes provision for the operation of a lifetime allowance enhancement factor in relation to the member immediately before the sum is paid, and
 - (b) the lump sum condition (see paragraphs 24(2) and (3), 25 and 26 of Schedule 36) is met in relation to the member.
- (5) This sub-paragraph applies to the member if—
- (a) any of the provisions listed in sub-paragraph (6) makes provision for the operation of a lifetime allowance enhancement factor in relation to the member immediately before the sum is paid, and
 - (b) immediately before the sum is paid, the available portion of the member's lump sum allowance for the purposes of paragraph 2 of Schedule 29 is nil or less than 25% of the sum.
- (6) The listed provisions are—
- (a) paragraph 7 of Schedule 36 (primary protection);
 - (b) section 220 (pension credits from previously crystallised rights);
 - (c) section 221 (non-residence arrangements);
 - (d) section 224 (transfers from recognised overseas pensions schemes);
 - (e) paragraph 18 of Schedule 36 (pre-commencement pension credits).
- (7) In sub-paragraph (1)(f) “disqualifying pension credit” is to be read in accordance with paragraph 2(3) and (4).]

Textual Amendments

F56 Words in [Sch. 29 para. 4A\(1\)\(a\)](#) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(5\), 25\(1\)](#); [S.I. 2022/874](#), [reg. 2](#)

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Short service refund lump sum

- 5 (1) For the purposes of this Part a lump sum is a short service refund lump sum if—
- (a) the pension scheme is an occupational pension scheme,
 - (b) the member’s pensionable service was terminated before normal pension age but the member is not entitled to short service benefit by virtue of section 71 of the Pension Schemes Act 1993 (c. 48) (basic principle as to short service benefit),
 - (c) there has been no previous benefit crystallisation event in relation to the member and the pension scheme,
 - (d) it extinguishes the member’s entitlement to benefits under the pension scheme [^{F57}(except to the extent that it is prohibited from being extinguished by the payment of a lump sum by reason of the operation of provision made by or under any enactment)], and
 - (e) it is paid when the member has not reached the age of 75.
- (2) But if a lump sum falling within sub-paragraph (1) exceeds an amount equal to the aggregate of the member’s contributions under the pension scheme, the excess is not a short service refund lump sum.
- [^{F58}(2A) In sub-paragraph (2) the reference to the member's contributions includes—
- (a) any amount paid under section 7 of the Social Security Act 1986 (incentive payments to schemes becoming contracted-out between 1986 and 1993),
 - (b) any amount paid by the Commissioners for Her Majesty's Revenue and Customs under section 42A(3) of the Pension Schemes Act 1993 or section 38A(3) of the Pension Schemes (Northern Ireland) Act 1993 (rebates), and
 - (c) any amount recovered by the member's employer under regulations falling within sub-paragraph (2B) in respect of minimum payments made to the scheme in relation to any period before 6 April 2012.
- (2B) Those regulations are regulations which were 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).]

(3) “Pensionable service”, “normal pension age” and “short service benefit” have the same meaning as in the Pension Schemes Act 1993 (see section 181 (1) of that Act).

Textual Amendments

F57 Words in Sch. 29 para. 5(1)(d) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 161\(2\), Sch. 23 para. 27](#)

F58 Sch. 29 para. 5(2A)(2B) inserted (retrospective to 6.4.2013) by [Finance Act 2013 \(c. 29\), s. 52\(8\)\(10\)](#)

Refund of excess contributions lump sum

- 6 (1) A lump sum is a refund of excess contributions lump sum if—
- (a) it is paid in respect of a tax year in which the excess contributions condition is met in respect of the member, and

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- (b) it is paid before the end of the period of six years beginning with the last day of the tax year in respect of which it is paid.
- (2) But if a lump sum falling within sub-paragraph (1) exceeds the member's available excess contributions allowance for the tax year in respect of which it is paid, the excess is not a refund of excess contributions lump sum.
- (3) The excess contributions condition is met in respect of a member and a tax year if the amount of relievable pension contributions (see section 188(2) and (3)) paid in respect of the member in the tax year exceeds the maximum amount of relief to which the member is entitled for the tax year under section 190 (annual limit for relief).
- (4) If no refund of excess contributions lump sum has been paid to the member in respect of a tax year (by any registered pension scheme), the available excess contributions allowance for that tax year is [^{F59}(subject to sub-paragraph (7))]

RPC – MAR

- (5) If one or more refund of excess contributions lump sums have been paid to the member in respect of a tax year, the available excess contributions allowance for that tax year is [^{F60}(subject to sub-paragraph (7))]

RPC – MAR – ALS

or, if the amount resulting from that calculation is negative, is nil.

- (6) In this paragraph—
- RPC is the amount of the relievable pension contributions paid in respect of the member in the tax year,
- MAR is the maximum amount of relief to which the member is entitled for the tax year under section 190, and
- ALS is the aggregate of the refund of excess contributions lump sums previously paid to the member in respect of the tax year.

[^{F61}(7) If any relief given in accordance with section 192(1) in relation to any contribution included in RPC is in excess of the maximum amount of relief to which the member is entitled under section 190, RPC is to be taken to be reduced by the amount of that excess.]

Textual Amendments

- F59** Words in Sch. 29 para. 6(4) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 161\(2\), Sch. 23 para. 28\(2\)](#)
- F60** Words in Sch. 29 para. 6(5) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 161\(2\), Sch. 23 para. 28\(2\)](#)
- F61** Sch. 29 para. 6(7) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 161\(2\), Sch. 23 para. 28\(3\)](#)

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Trivial commutation lump sum

- 7 (1) For the purposes of this Part a lump sum is a trivial commutation lump sum if—
- (a) it is paid when no trivial commutation lump sum has previously been paid to the member (by any registered pension scheme) or, if such a lump sum has previously been paid, before the end of the commutation period,
 - ^{F62}(aa) it is paid in respect of a defined benefits arrangement,^{F63} or in respect of a collective money purchase arrangement,^{F64} or in respect of a scheme pension payable by the scheme administrator to which the member has become entitled under a money purchase arrangement ^{F65}that is not a collective money purchase arrangement] (an “in-payment money-purchase in-house scheme pension”), ^{F66} or in respect of any combination of such arrangements and scheme pensions],]
 - (b) on the nominated date, the value of the member’s pension rights does not exceed the commutation limit,
 - (c) it is paid when all or part of the member’s lifetime allowance is available,
 - (d) it extinguishes ^{F67}any entitlement to defined benefits ^{F68}, and any entitlement to collective money purchase benefits,^{F69} and any entitlement to payments of in-payment money-purchase in-house scheme pensions,] that the member has] under the pension scheme, and
 - (e) it is paid when the member has reached ^{F70}normal minimum pension age (or the ill-health condition is met)]^{F71}
- (2) The commutation period is the period beginning with the day on which a trivial commutation lump sum is first paid to the member and ending 12 months after that day.
- (3) The nominated date is the day within the period of three months ending with the first day of the commutation period nominated by the member (or, if no date is nominated, is the first day of the commutation period).
- (4) The commutation limit is ^{F72}£30,000].
- ^{F73}(4A) The Treasury may by order substitute for the amount for the time being specified in sub-paragraph (4) such larger amount as is specified in the order.]
- (5) The value of the member’s pension rights on the nominated date is the aggregate of—
- (a) the value of the member’s relevant crystallised pension rights on that date (calculated in accordance with paragraph 8), and
 - (b) the value of the member’s uncrystallised rights on that date (calculated in accordance with paragraph 9).

Textual Amendments

- F62** Sch. 29 para. 7(1)(aa) inserted (17.12.2014) (with effect in accordance with Sch. 1 para. 71(2) of the amending Act) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 71\(1\)\(a\)](#)
- F63** Words in Sch. 29 para. 7(1)(aa) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(6\)\(a\)\(i\)](#), 25(1); S.I. 2022/874, reg. 2
- F64** Words in Sch. 29 para. 7(1)(aa) inserted (with effect in accordance with Sch. 5 para. 9 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 5 para. 7\(2\)](#)
- F65** Words in Sch. 29 para. 7(1)(aa) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(6\)\(a\)\(ii\)](#), 25(1); S.I. 2022/874, reg. 2

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- F66** Words in Sch. 29 para. 7(1)(aa) substituted (1.8.2022) by Finance Act 2021 (c. 26), **Sch. 5 paras. 21(6)(a)(iii)**, 25(1); S.I. 2022/874, reg. 2
- F67** Words in Sch. 29 para. 7(1)(d) substituted (17.12.2014) (with effect in accordance with Sch. 1 para. 71(2) of the amending Act) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 71(1)(b)**
- F68** Words in Sch. 29 para. 7(1)(d) inserted (1.8.2022) by Finance Act 2021 (c. 26), **Sch. 5 paras. 21(6)(b)**, 25(1); S.I. 2022/874, reg. 2
- F69** Words in Sch. 29 para. 7(1)(d) inserted (with effect in accordance with Sch. 5 para. 9 of the amending Act) by Finance Act 2016 (c. 24), **Sch. 5 para. 7(3)**
- F70** Words in Sch. 29 para. 7(1)(e) substituted (17.12.2014) (with effect in accordance with Sch. 1 para. 71(2) of the amending Act) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 71(1)(c)**
- F71** Words in Sch. 29 para. 7(1)(e) omitted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by virtue of Finance Act 2011 (c. 11), **Sch. 16 para. 29**
- F72** Sum in Sch. 29 para. 7(4) substituted (with effect in accordance with s. 42(8) of the amending Act) by Finance Act 2014 (c. 26), **s. 42(1)**
- F73** Sch. 29 para. 7(4A) inserted (with effect in accordance with Sch. 18 Pt. 2 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 18 para. 4(3)**

Modifications etc. (not altering text)

- C15** Sch. 29 para. 7(1)(a)(b) excluded (6.4.2023) by The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 (S.I. 2023/113), regs. 1(2), **25(2)** (with reg. 1(3))

- 8 (1) The value of the member's relevant crystallised pension rights on the nominated date is the aggregate of—
- (a) the value of the member's relevant crystallised pension rights on 5th April 2006, calculated in accordance with paragraph 10 of Schedule 36 (as if the member were the individual mentioned there)^{F74} ..., and
- (b) the aggregate of the amounts crystallised on benefit crystallisation events in the period beginning with 6th April 2006 and ending with the nominated date^{F75}

^{F76}(2)

^{F76}(3)

Textual Amendments

- F74** Words in Sch. 29 para. 8(1)(a) omitted (with effect in accordance with s. 42(8) of the amending Act) by virtue of Finance Act 2014 (c. 26), **s. 42(2)(a)**
- F75** Words in Sch. 29 para. 8(1)(b) omitted (with effect in accordance with s. 42(8) of the amending Act) by virtue of Finance Act 2014 (c. 26), **s. 42(2)(b)**
- F76** Sch. 29 para. 8(2)(3) omitted (with effect in accordance with s. 42(8) of the amending Act) by virtue of Finance Act 2014 (c. 26), **s. 42(2)(c)**

- 9 (1) The value of the member's uncrystallised rights on the nominated date is the aggregate value of the member's uncrystallised rights on that date under each arrangement relating to the member under a registered pension scheme.
- (2) The value on the nominated date of the member's uncrystallised rights under such an arrangement is to be calculated in accordance with section 212 (valuation of uncrystallised rights for purposes of section 210).

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Winding-up lump sum

- 10 (1) For the purposes of this Part a lump sum is a winding-up lump sum if—
- (a) the pension scheme is an occupational pension scheme,
 - (b) the pension scheme is being wound-up,
 - (c) [^{F77}any person by whom the member is employed at the time when the lump sum is paid, and who has made contributions under the pension scheme in respect of the member within the period of five years ending with the day on which it is paid,] meets the conditions in sub-paragraph (3),
 - (d) it is paid when all or part of the member’s lifetime allowance is available, [^{F78}and]
 - (e) it extinguishes the member’s entitlement to benefits under the pension scheme, ^{F79} ...
 - ^{F79}(f)
- (2) But if a lump sum falling within sub-paragraph (1) exceeds [^{F80}£18,000,] the excess is not a winding-up lump sum.
- [^{F81}(2A) The Treasury may by order substitute for the amount for the time being specified in sub-paragraph (2) such larger amount as is specified in the order.]
- (3) The conditions [^{F82}referred to in paragraph (c) of sub-paragraph (1) are that the person mentioned in that paragraph] —
- ^{F83}(a)
 - (b) is not making contributions under any other registered pension scheme in respect of the member, and
 - (c) undertakes to the Inland Revenue not to make such contributions during the period of one year beginning with the day on which the lump sum is paid.

Textual Amendments

- F77** Words in Sch. 29 para. 10(1)(c) substituted (19.7.2007) (with effect in accordance with Sch. 20 para. 24(6) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 para. 12\(2\)](#)
- F78** Word in Sch. 29 para. 10(1)(d) inserted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 30\(a\)](#)
- F79** Sch. 29 para. 10(1)(f) and word omitted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 30\(b\)](#)
- F80** Word in Sch. 29 para. 10(2) substituted (with effect in accordance with Sch. 18 Pt. 2 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 18 para. 5\(2\)](#)
- F81** Sch. 29 para. 10(2A) inserted (with effect in accordance with Sch. 18 Pt. 2 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 18 para. 5\(3\)](#)
- F82** Words in Sch. 29 para. 10(3) substituted (19.7.2007) (with effect in accordance with Sch. 20 para. 24(6) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 para. 12\(3\)\(a\)](#)
- F83** Sch. 29 para. 10(3)(a) repealed (19.7.2007) (with effect in accordance with Sch. 20 para. 24(6) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 para. 12\(3\)\(b\)](#), [Sch. 27 Pt. 3\(2\)](#)

Lifetime allowance excess lump sum

- 11 For the purposes of this Part a lump sum is a lifetime allowance excess lump sum if—
- (a) it is paid when none of the member’s lifetime allowance is available,

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- (b) it is not a short service refund lump sum or a refund of excess contributions lump sum,
- (c) it does not reduce the rate of payment of any pension to which the member has become (actually) entitled, or extinguish the member's entitlement to payment of any such pension,
- (d) it is paid when the member has reached normal minimum pension age (or the ill-health condition is met), and
- (e) it is paid when the member has not reached the age of 75.

^{F84}Transitional 2013/14 lump sum, and its related trivial commutation lump sum

Textual Amendments

F84 Sch. 29 para. 11A and cross-heading inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 5\(2\), 15](#)

- 11A (1) A lump sum is a transitional 2013/14 lump sum for the purposes of this Part if—
- (a) the sum (“the earlier 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”),
 - (b) the earlier sum is paid before the member becomes entitled to the expected pension,
 - (c) either—
 - (i) the earlier sum is paid on or after 19 September 2013 but before 27 March 2014, or
 - (ii) the earlier 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,
 - (d) all of the sums and assets for the time being representing the sums and assets that when the earlier sum was paid were held for the purpose of providing the expected pension are, before the member becomes entitled to the expected pension, used in paying a further lump sum to the member (“the further sum”),
 - (e) the further sum is paid on or after 6 July 2014 but before 6 April 2015, and
 - (f) the further sum is a trivial commutation lump sum (see sub-paragraph (2)).
- (2) Sub-paragraph (4) applies when deciding under paragraph 7 whether the further sum is a trivial commutation lump sum in a case where the earlier sum is paid before the nominated date (see paragraph 7(3) for the meaning of “the nominated date”).
- (3) If the earlier sum is a transitional 2013/14 lump sum, and the earlier sum and the further sum are not the only lump sums paid under registered pension schemes to the member, sub-paragraph (4) applies when deciding under paragraph 7 whether any other lump sum paid under a registered pension scheme to the member is a trivial commutation lump sum.
- (4) If this sub-paragraph applies, the payment of the earlier sum is to be treated for the purposes of paragraph 8(1)(b) as a benefit crystallisation event—
- (a) which occurs when the earlier sum is paid, and
 - (b) on which the amount crystallised is the amount of the earlier sum.

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- (5) If the earlier sum is a transitional 2013/14 lump sum, and only the sums and assets mentioned in sub-paragraph (1)(d) are used in paying the further sum, section 636B of ITEPA 2003 applies in relation to the further sum with the omission of its subsection (3).
- (6) If the earlier sum is a transitional 2013/14 lump sum, and the sums and assets mentioned in sub-paragraph (1)(d) are used together with other sums and assets in paying the further sum—
- (a) section 636B of ITEPA 2003 applies in relation to the further sum as if instead of the further sum there were two separate trivial commutation lump sums as follows—
 - (i) one (“the first part of the further sum”) consisting of so much of the further sum as is attributable to the sums and assets mentioned in sub-paragraph (1)(d), and
 - (ii) another consisting of the remainder of the further sum,
 - (b) the first part of the further sum is to be treated for the purposes of section 636B of ITEPA 2003 as having been paid immediately before the remainder of the further sum,
 - (c) section 636B of ITEPA 2003 applies in relation to the first part of the further sum with the omission of its subsection (3), and
 - (d) for the purposes of applying section 636B(3) of ITEPA 2003 in relation to the remainder of the further sum, the rights to which the first part of the further sum relates are to be treated as rights that are not uncrystallised rights immediately before the remainder of the further sum is paid.
- (7) For the purposes of sub-paragraph (1), if the circumstances are as described in sub-paragraph (1)(c)(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.]

Interpretation of Part 1

- 12 (1) Expressions used in this Part of this Schedule and in Schedule 28 have the same meaning in this Part of this Schedule as in Schedule 28.
- [^{F85}(1A) For the purposes of determining whether all or part of the member's lifetime allowance is available—
- (a) the fact that benefit crystallisation event 5 or benefit crystallisation event 5B has occurred in relation to the member is to be disregarded, and
 - (b) anything which, but for paragraph 2 or 15A of Schedule 32, would have been a benefit crystallisation event is to be treated as if it were such an event.]
- (2) Where all or part of the member's lifetime allowance is available immediately before a lump sum is paid, sub-paragraph (3) applies to the lump sum if—
- (a) its amount exceeds the member's available lifetime allowance, and
 - (b) but for that fact, it would satisfy all the requirements of paragraph 1(1), 4(1), [^{F86}4A(1),] 7(1) or 10(1).
- (3) For the purposes of this Schedule, the whole of the lump sum (and not only so much of it as does not exceed the member's available lifetime allowance) is to be treated as paid when all or part of the member's lifetime allowance is available.
- (4) But sub-paragraph (3) does not apply—

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- (a) in the case of a lump sum that would satisfy all the requirements of paragraph 1(1), to so much of it as would be prevented from being a pension commencement lump sum by paragraph 1(2),
 - ^{F87}(aa) in the case of a lump sum that would satisfy all the requirements of paragraph 4A(1) and is paid when the member has not reached the age of 75, to so much of it as would be prevented from being an uncrystallised funds pension lump sum by paragraph 4A(2),] and
 - (b) in the case of a lump sum that would satisfy all the requirements of paragraph 10(1), to so much of it as would be prevented from being a winding-up lump sum by paragraph 10(2).
- (5) Where by virtue of paragraph 1(2), [^{F88}4A(2),] 5(2), 6(2) or 10(2) an excess is not an authorised lump sum of one description, that does not prevent the excess being an authorised lump sum of another description.
- (6) “Authorised lump sum” means a lump sum authorised to be paid by the lump sum rule.

Textual Amendments

- F85** Sch. 29 para. 12(1A) inserted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 31](#)
- F86** Word in Sch. 29 para. 12(2)(b) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 58](#)
- F87** Sch. 29 para. 12(4)(aa) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 59](#)
- F88** Word in Sch. 29 para. 12(5) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 60](#)

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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\(2\)](#)