



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 5

REGISTERED PENSION SCHEMES: TAX CHARGES

Lifetime allowance charge

219 Availability of individual's lifetime allowance

- (1) This section is about the availability of the individual's lifetime allowance on the occurrence of a benefit crystallisation event in relation to the individual ("the current benefit crystallisation event").
- (2) If no benefit crystallisation event has occurred in relation to the individual before the current benefit crystallisation event, the whole of the individual's lifetime allowance is available on the current benefit crystallisation event.
- (3) If one or more benefit crystallisation events have occurred in relation to the individual before the current benefit crystallisation event—
 - (a) in a case in which the previously-used amount is equal to or greater than the amount of the individual's lifetime allowance, none of the individual's lifetime allowance is available on the current benefit crystallisation event, and
 - (b) in any other case, so much of the individual's lifetime allowance as is left after deducting the previously-used amount is available on the current benefit crystallisation event.
- (4) The previously-used amount is—
 - (a) where one benefit crystallisation event has occurred in relation to the individual before the current benefit crystallisation event, the amount

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[^{F1}which is the relevant untaxed amount in relation to] the previous benefit crystallisation event as adjusted under subsection (5), or

- (b) where two or more benefit crystallisation events have occurred in relation to the individual before the current benefit crystallisation event, the aggregate of the amounts [^{F2}which are the relevant untaxed amounts in relation to] each previous benefit crystallisation event as adjusted under subsection (5).

[^{F3}(4A) “The relevant untaxed amount”, in relation to a previous benefit crystallisation event, is—

- (a) where no tax was charged in relation to the benefit crystallisation event, the amount in respect of which tax would have been so charged if none of the individual's lifetime allowance had been available, and
- (b) where tax was charged in relation to the benefit crystallisation event, so much of the amount in respect of which tax would have been so charged if none of the individual's lifetime allowance had been available as exceeds the amount in respect of which tax was so charged.]

- (5) The adjustment of the [^{F4}relevant untaxed amount in relation to] a previous benefit crystallisation event referred to in subsection (4)(a) and (b) is the multiplication of that amount by—

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

where—

CSLA is the standard lifetime allowance at the time of the current benefit crystallisation event, and

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

[^{F5}(5A) If paragraph 7 of Schedule 36 (primary protection) makes provision for a lifetime allowance enhancement factor in relation to the individual, subsection (5) has effect [^{F6}where the previous benefit crystallisation event occurred before 6 April 2014] as if CSLA were £1,500,000 if that is greater than CSLA.]

- (6) Where more than one benefit crystallisation event occurs in relation to an individual on the same day, it is for the individual to decide the order in which they are to be treated as occurring for the purposes of this section; but this subsection is subject to section 166(2) (entitlement to pension commencement lump sum to arise immediately before entitlement to associated pension).

- (7) Where more than one [^{F7}relevant post-death] benefit crystallisation event occurs ^{F8}... in respect of an [^{F9}individual, the relevant post-death] benefit crystallisation events are to be treated for the purposes of this section as occurring immediately before the individual's death [^{F10}but immediately after any benefit crystallisation event occurring immediately before the individual's death by virtue of section 166(2)].

[^{F11}(7A) For the purposes of subsection (7), a benefit crystallisation event is a “relevant post-death benefit crystallisation event” if it is benefit crystallisation event 5C [^{F12}, 5D] or 7.]

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- (8) Paragraph 20 of Schedule 36 makes provision affecting this section in relation to pre-commencement pensions.
- (9) In this Part references (however expressed) to the portion of a person's lifetime allowance that is available at any time are to the portion of the person's lifetime allowance that would be available, calculated in accordance with this section, if a benefit crystallisation event occurred in relation to the person at that time.

Textual Amendments

- F1** Words in s. 219(4)(a) substituted (retrospective to 6.4.2006) by Finance Act 2006 (c. 25), s. 161(2), **Sch. 23 para. 31(2)(a)**
- F2** Words in s. 219(4)(b) substituted (retrospective to 6.4.2006) by Finance Act 2006 (c. 25), s. 161(2), **Sch. 23 para. 31(2)(b)**
- F3** S. 219(4A) inserted (retrospective to 6.4.2006) by Finance Act 2006 (c. 25), s. 161(2), **Sch. 23 para. 31(3)**
- F4** Words in s. 219(5) substituted (retrospective to 6.4.2006) by Finance Act 2006 (c. 25), s. 161(2), **Sch. 23 para. 31(4)**
- F5** S. 219(5A) inserted (with effect in accordance with Sch. 22 para. 7(2) of the amending Act) by Finance Act 2013 (c. 29), **Sch. 22 para. 7(1)**
- F6** Words in s. 219(5A) inserted (6.4.2014) by Finance Act 2014 (c. 26), **Sch. 6 para. 10(1)(2)**
- F7** Words in s. 219(7) inserted (6.4.2015) by Taxation of Pensions Act 2014 (c. 30), **Sch. 2 para. 23(2)(a)(4)**
- F8** Words in s. 219(7) omitted (6.4.2015) by virtue of Taxation of Pensions Act 2014 (c. 30), **Sch. 2 para. 23(2)(b)(4)**
- F9** Words in s. 219(7) substituted (6.4.2015) by Taxation of Pensions Act 2014 (c. 30), **Sch. 2 para. 23(2)(c)(4)**
- F10** Words in s. 219(7) inserted (retrospective to 6.4.2006) by Finance Act 2007 (c. 11), **Sch. 20 paras. 10, 24(3)**
- F11** S. 219(7A) inserted (6.4.2015) by Taxation of Pensions Act 2014 (c. 30), **Sch. 2 para. 23(3)(4)**
- F12** Word in s. 219(7A) inserted (26.3.2015) by Finance Act 2015 (c. 11), Sch. 4 para. 6

Modifications etc. (not altering text)

- C16** Ss. 214-226 applied by 2003 c. 1, s. 636A(5) (as inserted (6.4.2006) by Finance Act 2004 (c. 12), s. 284(1), **Sch. 31 para. 11** (with **Sch. 36**))
- C17** Ss. 214-226 applied (with modifications) (1.5.2010) by The Financial Assistance Scheme (Tax) Regulations 2010 (S.I. 2010/1187), regs. 1(1), **5-11**

Commencement Information

- I1** Ss. 160-274, 281, Schs. 30-35 in force at 6.4.2006 but any power to make an order or regulations under those provisions may be exercised at any time after Royal Assent, see s. 284

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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\(2\)](#)