



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 5

REGISTERED PENSION SCHEMES: TAX CHARGES

Lifetime allowance charge

226 Overseas scheme transfers: other arrangements

- (1) This section applies in the case of a recognised overseas scheme arrangement that was not a money purchase arrangement.
- (2) The relevant relievable amount is—
 - (a) if the recognised overseas scheme arrangement was a defined benefits arrangement, the defined benefits relevant relievable amount (see subsections (3) and (4)), and
 - (b) if the recognised overseas scheme arrangement was a hybrid arrangement, the hybrid relevant relievable amount (see subsections (5) to (7)).
- (3) The defined benefits relevant relievable amount is—
 - (a) the amount arrived at by the application of subsection (4) in relation to the part of the overseas arrangement active membership period during which the individual was not a relevant overseas individual, or
 - (b) if there have been two or more parts of that period during which the individual was not a relevant overseas individual, the aggregate of the amounts arrived at by the application of subsection (4) in relation to each of those parts of that period.

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- (4) The amount arrived at by the application of this subsection in relation to any part of the overseas arrangement active membership period is—

$$(RVF \times PE + LSE) - (RVF \times PB + LSB)$$

where—

RVF is the relevant valuation factor (see section 276),

PE is the annual rate of the pension which would, on the valuation assumptions (see section 277), be payable to the individual under the recognised overseas scheme arrangement if the individual became entitled to payment of it at the end of that part of that period,

LSE is the amount of the lump sum to which the individual would, on the valuation assumptions, be entitled under the arrangement (otherwise than by commutation of pension) if the individual became entitled to payment of it at the end of that part of that period,

PB is the annual rate of the pension which would, on the valuation assumptions, be payable to the individual under the arrangement if the individual became entitled to payment of it at the beginning of that part of that period, and

LSB is the amount of the lump sum to which the individual would, on the valuation assumptions, be entitled under the arrangement (otherwise than by commutation of pension) if the individual became entitled to payment of it at the beginning of that part of that period.

- (5) The hybrid relevant relievable amount is the greater or greatest of such of—
- (a) what would be the cash balance relevant relievable amount (under section 225) if the recognised overseas scheme arrangement had been a cash balance arrangement,
 - [^{F1}(aa) what would be the other money purchase relevant relievable amount (under that section) if that arrangement had been a collective money purchase arrangement,]
 - (b) what would be the other money purchase relevant relievable amount (under that section) if that arrangement had been [^{F2}a money purchase arrangement other than a cash balance arrangement or a collective money purchase arrangement], and
 - (c) what would be the defined benefits relevant relievable amount (under subsections (3) and (4)) if that arrangement had been a defined benefits arrangement,
- as are relevant to that arrangement.
- (6) An amount is relevant to a hybrid arrangement if, in any circumstances, the benefits that may be provided to or in respect of the individual under the arrangement may be benefits linked to that amount.
- (7) For that purpose—
- (a) cash balance benefits are linked to the cash balance relevant relievable amount,

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- (b) other money purchase benefits are linked to the other money purchase relevant relievable amount, and
- (c) defined benefits are linked to the defined benefits relevant relievable amount.

Textual Amendments

- F1** S. 226(5)(aa) inserted (1.8.2022) by Finance Act 2021 (c. 26), **Sch. 5 paras. 12(2)(a)**, 25(1); S.I. 2022/874, reg. 2
- F2** Words in s. 226(5)(b) substituted (1.8.2022) by Finance Act 2021 (c. 26), **Sch. 5 paras. 12(2)(b)**, 25(1); S.I. 2022/874, reg. 2

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\(2\)](#)