



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 5

REGISTERED PENSION SCHEMES: TAX CHARGES

Annual allowance charge

[^{F1}227F Pension input periods in which rights are first flexibly accessed

- (1) Subject to subsection (7), subsections (2) to (6) apply if, for an arrangement mentioned in section 227C(1), the pension input period ending in the tax year contains the day on which the individual first flexibly accesses pension rights (whether or not that day is in the tax year).
- (2) If the arrangement is a cash balance arrangement, the pension input amount in respect of that arrangement is for the purposes of section 227C(1)(a) treated as being—

$$F \text{ PIP} \times \text{APIA}$$

where—

APIA is the (actual) pension input amount in respect of the arrangement (see section 229(2)(a)),

F is the number of days in the period—

- (a) beginning with the day after that on which the individual first flexibly accesses pension rights, and
- (b) ending at the end of the pension input period mentioned in subsection (1), and

PIP is the number of days in that pension input period.

Changes to legislation: Finance Act 2004, Section 227F is up to date with all changes known to be in force on or before 04 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

- (3) If the arrangement is a money purchase arrangement other than a cash balance arrangement, the pension input amount in respect of that arrangement is for the purposes of section 227C(1)(a) treated as being the amount in respect of the arrangement that would be arrived at under section 233 for a pension input period—
- (a) beginning with the day after that on which the individual first flexibly accesses pension rights, and
 - (b) ending at the end of the pension input period mentioned in subsection (1).
- (4) If the arrangement is a money purchase arrangement, the amount (if any) by which—
- (a) the (actual) pension input amount in respect of the arrangement (see section 229(2)(a) or (b)), exceeds
 - (b) the amount treated by subsection (2) or (3) as being the pension input amount in respect of the arrangement,
- is required to be included in the defined-benefit input sub-total calculated under section 227B(3).
- (5) If the arrangement is a hybrid arrangement—
- (a) input amount A mentioned in section 237 is for the purposes of sections 227C(1)(b) and 227D(2) treated as being—

$$F \text{ PIP} \times \text{AAIAA}$$

where—

AAIAA is the (actual) amount of input amount A for the arrangement,

F is the number of days in the period—

 - (a) beginning with the day after that on which the individual first flexibly accesses pension rights, and
 - (b) ending at the end of the pension input period mentioned in subsection (1), and

PIP is the number of days in that pension input period, and
 - (b) input amount [^{F2}AA or] B mentioned in section 237 is for the purposes of sections 227C(1)(b) and 227D(2) treated as being the amount for the arrangement that would be arrived at under section 233 for a pension input period—
 - (i) beginning on the day after that on which the individual first flexibly accesses pension rights, and
 - (ii) ending at the end of the pension input period mentioned in subsection (1).
- (6) If the arrangement is a hybrid arrangement, the amount (if any) by which—
- (a) the (actual) pension input amount in respect of the arrangement (see section 229(2)(d)), exceeds
 - (b) the amount which, in accordance with subsection (5) and section 227D, is for the purposes of section 227C(1)(b) the pension input amount in respect of the arrangement,
- is required to be included in the defined-benefit input sub-total calculated under section 227B(3).
- (7) Subsections (2) to (6) do not apply if section 165(3A) applied in the individual's case to the arrangement, or any other arrangement, at any time before 6 April 2015.]

Changes to legislation: Finance Act 2004, Section 227F is up to date with all changes known to be in force on or before 04 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

Textual Amendments

- F1** Ss. 227B-227G inserted (17.12.2014) (with effect in accordance with Sch. 1 para. 65(2) of the amending Act) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 65(1)**
- F2** Words in s. 227F(5)(b) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), **Sch. 5 paras. 16(2), 25(1)**; [S.I. 2022/874](#), reg. 2

Changes to legislation:

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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\(2\)](#)