



# Finance Act 2004

## 2004 CHAPTER 12

### PART 4

#### PENSION SCHEMES ETC

### CHAPTER 5

#### REGISTERED PENSION SCHEMES: TAX CHARGES

##### *Scheme sanction charge*

#### **239 Scheme sanction charge**

- (1) A charge to income tax, to be known as the scheme sanction charge, arises where in any tax year one or more scheme chargeable payments are made by a registered pension scheme.
- (2) The person liable to the scheme sanction charge is the scheme administrator.
- (3) But<sup>F1</sup>—
  - (a) in the case of a payment treated by virtue of section 161(3) and (4) (payments under investments acquired with scheme assets) as having been made by a pension scheme which has been wound up, the person liable to the scheme sanction charge is the person who was, or each of the persons who were, the scheme administrator immediately before the pension scheme was wound up<sup>F2</sup>, and
  - (b) in the case of a payment of a lump sum to a member where the conditions in paragraphs 1(1)(b) and (d) and 1B(2)(a) to (g) of Schedule 29 are met, the person liable to the scheme sanction charge so far as relating to any part of the lump sum within the permitted maximum is the scheme administrator of the registered pension scheme to which the transfer mentioned in paragraph 1B(2)(g) of Schedule 29 is made.]

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[<sup>F3</sup>(3A) For the purposes of subsection (3)(b) “the permitted maximum”, in the case of a lump sum paid to an individual, is the amount that in accordance with paragraph 2 of Schedule 29 would be the permitted maximum for that lump sum if the individual became entitled at the time the lump sum is paid to the pension at that time expected to be the pension in connection with which the lump sum is paid.]

(4) A person liable to the scheme sanction charge is liable whether or not—

- (a) that person, and
- (b) any other person who is liable to the scheme sanction charge, are resident<sup>F4</sup>... or domiciled in the United Kingdom.

(5) The following sections make further provision about the scheme sanction charge—  
 section 240 (amount of charge), and  
 section 241 (scheme chargeable payment).

[<sup>F5</sup>(6) This section is subject to provision made by regulations under section 273ZA (income and gains from taxable property).]

#### Textual Amendments

- F1** Words in s. 239(3) inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 12\(1\)\(a\)](#), 15
- F2** S. 239(3)(b) and preceding word inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 12\(1\)\(b\)](#), 15
- F3** S. 239(3A) inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 12\(2\)](#), 15
- F4** Words in s. 239(4) omitted (with effect in accordance with Sch. 46 para. 132 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 130](#)
- F5** S. 239(6) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 158(2), [Sch. 21 para. 8](#)

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

- C1** S. 239 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](#)
- C2** S. 239 modified by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), [art. 18](#) (as amended (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 12\(4\)\(5\)](#), 15)

#### 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

**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\(2\)](#)