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**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2005, Cross  
Heading: Lifetime allowance: reduction of rights in respect of tax paid. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 10

#### PENSION SCHEMES ETC.

##### *Lifetime allowance: reduction of rights in respect of tax paid*

- 41 In section 215 (amount of lifetime allowance charge), omit—
- (a) in subsection (9), paragraph (b) (tax covered by scheme funded payment if rights not reduced so as fully to reflect amount of payment of tax) and the word “and” before it, and
  - (b) subsection (10) (whether rights reduced so as fully to reflect amount of payment of tax).

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**Commencement Information**

- I1** Sch. 10 para. 41 in force at 6.4.2006, see Sch. 10 para. 64(1)

- 42 In the table in section 216(1) (benefit crystallisation events and amounts crystallised), in the entry relating to benefit crystallisation event 6 (entitlement to relevant lump sum), in the second column (amount crystallised), after “sum” insert “paid to the individual”.

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**Commencement Information**

- I2** Sch. 10 para. 42 in force at 6.4.2006, see Sch. 10 para. 64(1)

- 43 (1) Schedule 32 (benefit crystallisation events: supplementary) is amended as follows.
- (2) In paragraph 9 (benefit crystallisation event 2: meaning of “P”) is amended as follows.
- (3) In sub-paragraph (2) (amount to be net of tax under section 215 paid by scheme administrator)—
- (a) for “will or may be” substitute “is”, and
  - (b) omit “which will be payable”.
- (4) After that sub-paragraph insert—
- “(3) And if the reduction is such that, in accordance with normal actuarial practice, it would be taken fully to reflect the amount of the tax, the tax is not to be treated as tax paid by the scheme administrator for the purposes of section 215(9).”
- (5) In paragraph 13 (benefit crystallisation event 3: meaning of “XP”), after sub-paragraph (3) (inserted by paragraph 8(6)) insert—

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“(4) If the rate at which the pension is payable is reduced so as to reflect the amount of any tax under section 215 to be paid by the scheme administrator, that reduction is to be left out of account in determining the rate at which the pension is payable for the purposes of sub-paragraph (1)(a).

(5) And if the reduction is such that, in accordance with normal actuarial practice, it would be taken fully to reflect the amount of the tax, the tax is not to be treated as tax paid by the scheme administrator for the purposes of section 215(9).”

(6) Paragraph 14 (benefit crystallisation event 5: meaning of “DP” and “DSLS”) is amended as follows.

(7) After sub-paragraph (1) insert—

“(1A) If the rate at which the scheme pension would be payable would be reduced so as to reflect the amount of any tax under section 215 to be paid by the scheme administrator, that reduction is to be left out of account in determining the rate at which the pension would be payable for the purposes of sub-paragraph (1).

(1B) And if the reduction is such that, in accordance with normal actuarial practice, it would be taken fully to reflect the amount of the tax, the tax is not to be treated as tax paid by the scheme administrator for the purposes of section 215(9).”

(8) In sub-paragraph (2) (“DSLS”)—

- (a) for “the amount” substitute “ so much ”, and
- (b) after “pension)” insert “ as would be paid to the individual ”.

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**Commencement Information**

**I3** Sch. 10 para. 43 in force at 6.4.2006, see Sch. 10 para. 64(1)

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2005, Cross Heading:  
Lifetime allowance: reduction of rights in respect of tax paid.