

FINANCE ACT 2009

EXPLANATORY NOTES

INTRODUCTION

Section 73: Financial Assistance Scheme

Summary

1. [Section 73](#) allows HM Treasury to make regulations about how tax provisions will apply in relation to the financial assistance scheme.

Details of the Section

2. Subsection (1) provides that HM Treasury may make regulations about how the “relevant taxes” will apply in relation to the financial assistance scheme and to any person in connection with the financial assistance scheme.
3. Subsection (3) confirms that such regulations may impose, exempt or relieve from tax.
4. Subsection (4) sets out the types of tax for which the regulations may make provision (the “relevant taxes”).
5. Subsection (5) allows the regulations to provide for the taxation of assistance payments made by the financial assistance scheme.
6. Subsection (6) sets out some of the types of tax exemption and relief for which the regulations may in particular provide.
7. Subsection (7) provides that the regulations may have effect from any time before they are made if they do not increase any person’s tax liability.
8. Subsection (8) provides that the regulations may provide for individuals, who receive assistance payments made by the financial assistance scheme, to be subject to the same tax treatment as if the payments had been received from a registered pension scheme.
9. Subsection (9) allows the regulations to amend any existing legislation, and to make consequential, supplementary or transitional provisions.
10. Subsection (10) and (11) provide for the regulations to be made by statutory instrument subject to the negative resolution procedure in the House of Commons.

Background Note

11. The financial assistance scheme was established under section 286 of the Pensions Act 2004. The scheme provides assistance to members of certain defined benefit occupational pension schemes that are no longer able to meet all their pension obligations.
12. The scope of the financial assistance scheme has been expanded both through regulations and the Pensions Acts of 2007 and 2008. In the future the financial assistance scheme will take in the assets of the qualifying pension schemes. The scheme

*These notes refer to the Finance Act 2009 (c.10)
which received Royal Assent on 21 July 2009*

will then make assistance payments to members of those pension schemes in lieu of their retirement benefits.

13. As the financial assistance scheme is not a registered pension scheme, individuals who receive assistance payments from it will not necessarily benefit from the same tax treatment as if the payments were made by such a scheme. Tax charges may apply to some assistance payments received by individuals, such as certain lump sum payments, which would not arise if the payment were made by the original registered pension scheme. Regulations will be made to ensure that individuals who receive assistance payments from the financial assistance scheme will be subject to the same tax treatment as if they had received pension benefits from the pension scheme.