



# Finance Act 2016

## 2016 CHAPTER 24

### PART 5

#### INHERITANCE TAX ETC

#### **94 Inheritance tax: pension drawdown funds**

- (1) IHTA 1984 is amended as follows.
- (2) In the italic heading before section 10, at the end insert “ (and omissions that do not give rise to deemed dispositions) ”.
- (3) In section 12(2G) (interpretation of section 12(2ZA)), in the definition of “entitled”, for “166(2)” substitute “ 167(1A), or section 166(2), ”.
- (4) After section 12 insert—

#### **“12A Pension drawdown fund not used up: no deemed disposition**

- (1) Where a person has a drawdown fund, section 3(3) above does not apply in relation to any omission that results in the fund not being used up in the person's lifetime.
- (2) For the purposes of subsection (1) above, a person has a drawdown fund if the person has—
  - (a) a member's drawdown pension fund,
  - (b) a member's flexi-access drawdown fund,
  - (c) a dependant's drawdown pension fund,
  - (d) a dependant's flexi-access drawdown fund,
  - (e) a nominee's flexi-access drawdown fund, or
  - (f) a successor's flexi-access drawdown fund, andin respect of a money purchase arrangement under a registered pension scheme.

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(3) For the purposes of subsection (1) above, a person also has a drawdown fund if sums or assets held for the purposes of a money purchase arrangement under a corresponding scheme would, if that scheme were a registered pension scheme, be the person's—

- (a) member's drawdown pension fund,
- (b) member's flexi-access drawdown fund,
- (c) dependant's drawdown pension fund,
- (d) dependant's flexi-access drawdown fund,
- (e) nominee's flexi-access drawdown fund, or
- (f) successor's flexi-access drawdown fund,

in respect of the arrangement.

(4) In this section—

“corresponding scheme” means—

- (a) a qualifying non-UK pension scheme (see section 271A below),  
or
- (b) a section 615(3) scheme that is not a registered pension scheme;

“money purchase arrangement” has the same meaning as in Part 4 of the Finance Act 2004 (see section 152 of that Act);

“member's drawdown pension fund”, “member's flexi-access drawdown fund”, “dependant's drawdown pension fund”, “dependant's flexi-access drawdown fund”, “nominee's flexi-access drawdown fund” and “successor's flexi-access drawdown fund” have the meaning given, respectively, by paragraphs 8, 8A, 22, 22A, 27E and 27K of Schedule 28 to that Act.”

(5) The amendment made by subsection (4)—

- (a) so far as relating to a fund within the new section 12A(2)(a) or (c) (drawdown pension funds), or to a fund within the new section 12A(3) that corresponds to a fund within the new section 12A(2)(a) or (c)—
  - (i) has effect where the person who has the fund dies on or after 6 April 2011, and
  - (ii) is to be treated as having come into force on 6 April 2011, and
- (b) so far as relating to a fund mentioned in the new section 12A(2)(b), (d), (e) or (f) (flexi-access drawdown funds), or to a fund within the new section 12A(3) that corresponds to a fund within the new section 12A(2)(b), (d), (e) or (f)—
  - (i) has effect where the person who has the fund dies on or after 6 April 2015, and
  - (ii) is to be treated as having come into force on 6 April 2015.

(6) Where an amount paid by way of—

- (a) inheritance tax, or
- (b) interest on inheritance tax,

is repayable as a result of the amendment made by subsection (4), section 241(1) of IHTA 1984 applies as if the last date for making a claim for repayment of the amount were 5 April 2020 if that is later than what would otherwise be the last date for that purpose.

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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):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)