



# Finance (No. 2) Act 2023

## 2023 CHAPTER 30

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Pensions*

### **23 Modification of certain existing transitional protections**

- (1) In Part 4 of FA 2004 (pension schemes etc), Schedule 36 (transitional provisions) is amended in accordance with subsections (2) and (3).
- (2) In paragraph 12 (enhanced protection), in sub-paragraph (2), after “ceases to apply if” insert “the notice under sub-paragraph (1) is given on or after 15 March 2023 and”.
- (3) In paragraph 27 (enhanced protection: modifications of paragraph 2 of Schedule 29), in sub-paragraph (3), in the substituted sub-paragraph (5) of paragraph 2, for the words after “the permitted maximum is” substitute “the lower of—
  - (a) the applicable amount calculated in accordance with paragraph 3, and
  - (b) the amount that would have been the applicable amount calculated in accordance with paragraph 3 if the lump sum had been paid on 5 April 2023.”
- (4) In the Taxation of Pension Schemes (Transitional Provisions) Order 2006 ([S.I. 2006/572](#)), in article 25C (payment of stand-alone lump sums: tax consequences), for paragraph (3) substitute—
  - “(3A) Section 636A of ITEPA 2003 (exemptions and liabilities for certain lump sums under registered pension schemes) is to be read as if, after subsection (1C), there were inserted—
    - “(1D) In the case of a stand-alone lump sum paid under a registered pension scheme—
      - (a) no liability to income tax arises on so much of the sum as does not exceed the 5 April 2023 maximum, and

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 23. (See end of Document for details)*

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- (b) section 579A applies in relation to the remainder (if any) of the sum as that section applies to any pension under a registered pension scheme.
- (1E) In subsection (1D) and this subsection—
- (a) “stand-alone lump sum” has the meaning given by paragraph (3) of article 25 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006 ([S.I. 2006/572](#));
  - (b) “the 5 April 2023 maximum” means the maximum amount that, on 5 April 2023, could have been paid to the member under the registered pension scheme by way of a stand-alone lump sum.
- (1F) For the purposes of determining the maximum amount mentioned in paragraph (b) of [subsection \(1E\)](#), condition C in article 25A of the order mentioned in paragraph (a) of that subsection (condition that member has reached normal minimum pension age etc) is treated as met.””
- (5) In FA 2011, in Schedule 18, in paragraph 14 (fixed protection 2012) in sub-paragraph (4), after “ceases to apply if” insert “the notice under sub-paragraph (1) or (as the case may be) sub-paragraph (1A) is given on or after 15 March 2023 and”.
  - (6) In FA 2013, in Schedule 22, in paragraph 1 (fixed protection 2014), in sub-paragraph (3), after “ceases to apply if” insert “the notice under sub-paragraph (1) is given on or after 15 March 2023 and”.
  - (7) In FA 2016, in Schedule 4, in Part 1 (fixed protection 2016), in paragraph 3, after “There is a protection-cessation event if” insert “the reference number for the purposes of paragraph 1(2) was issued pursuant to an application made on or after 15 March 2023 and”.
  - (8) The amendments made by this section have effect for the tax year 2023-24 and subsequent tax years.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 23.