



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Pensions

24 Collective money purchase arrangements

- (1) Part 4 of FA 2004 (pension schemes) is amended in accordance with [subsections \(2\) to \(8\)](#).
- (2) In section 152 (meaning of arrangement), in subsection (5A)—
 - (a) the words after “means benefits that are” become paragraph (a);
 - (b) at the end of that paragraph insert “, or”;
 - (c) after that paragraph insert—

“(b) payments of CMP periodic income.”
- (3) In section 169 (recognised transfers), after subsection (1E) insert—

“(1F) The Commissioners for His Majesty’s Revenue and Customs may by regulations make provision as to the treatment for the purposes of any provision of this Part of a CMP-derived drawdown pension.

(1G) The provision that may be made under subsection (1F) includes provision for treating sums or assets held for the purposes of a CMP-derived drawdown pension as remaining, to such extent as is prescribed by the regulations and for such of the purposes of this Part as are so prescribed, held for the purposes of the collective money purchase arrangement under the pension scheme from which they were transferred.”
- (4) In section 279 (other definitions), after subsection (1E) insert—

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 24. (See end of Document for details)

“(1F) For the purposes of this Part a “CMP-derived drawdown pension” means a drawdown pension (within the meaning given by paragraph 4 of Schedule 28) where—

- (a) the sums or assets constituting the fund from which the pension is payable were transferred from another pension scheme, and
- (b) before the transfer, those sums or assets were held for the purposes of paying CMP periodic income.

(1G) For the purposes of this Part “CMP periodic income” means income payable by virtue of section 36(7)(b) or 87(7)(b) of the Pension Schemes Act 2021 (periodic income paid under collective money purchase arrangement while pursuing continuity option 1).”

(5) In section 280 (abbreviations and general index), in subsection (2) at the appropriate places insert—

“CMP-derived drawdown pension	section 279(1F)””
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“CMP periodic income	section 279(1G)”.
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(6) In Schedule 28 (registered pension schemes: authorised pensions - supplementary), in Part 2 (pension death benefit rules), in paragraph 16A (limit on dependant’s scheme pension), after sub-paragraph (2) insert—

“(3) Where, immediately before the member’s death, the member is actually or prospectively entitled to CMP periodic income, any CMP periodic income that is at any later time payable to a dependant of the member is to be ignored for the purposes of paragraphs 16AA to 16B.”

(7) In Schedule 29 (authorised lump sums - supplementary), in Part 1 (lump sum rule), in paragraph 1, for sub-paragraph (4A) substitute—

“(4A) A lump sum is an excluded lump sum if the pension in connection with which the member becomes entitled to it is a CMP-derived drawdown pension.”

(8) In Schedule 32 (benefit crystallisation events - supplementary), for paragraph 2B substitute—

“2B (1) This paragraph applies for the purposes of benefit crystallisation event 1 where the sums or assets designated are, after the designation, held for the purposes of a CMP-derived drawdown pension.

(2) The amount crystallised by the event is to be reduced by the amount (or an appropriate proportion of the amount) crystallised on the individual becoming entitled to a scheme pension under the collective money purchase arrangement for the purposes of which the sums or assets were previously held.”

(9) In consequence of the amendments made by the preceding provisions of [this section](#), the following provisions of Schedule 5 to FA 2021 are omitted—

- (a) paragraph 21(2)(b);
- (b) paragraph 22(2).

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- (10) The Registered Pension Schemes (Transfer of Sums and Assets) Regulations 2006 (S.I. 2006/499) are amended in accordance with subsections (11) and (12).
- (11) In regulation 3 (scheme pension payable by registered pension scheme - recognised transfers), at the end insert—
- “(3) Paragraphs (1) and (2) do not apply in relation to a transfer within section 169(1) or (1A) of sums or assets which, before the transfer, were held for the purposes of paying CMP periodic income.
- (4) Such a transfer is not a recognised transfer unless the sums and assets transferred are, after the transfer, applied towards the provision of a drawdown pension (within the meaning given by paragraph 4 of Schedule 28).”
- (12) In regulation 5 (term and reduction in rate of scheme pension), in paragraph (1), in the opening words, for “3 or 4” substitute “3(1) or (2) or regulation 4,”.

Changes to legislation:

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