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## SCHEDULES

### SCHEDULE 9

Section 14

#### PENSIONS

##### PART 1

###### ABOLITION OF LIFETIME ALLOWANCE CHARGE

- 1 Part 4 of FA 2004 (pension schemes etc) is amended as follows.
- 2 In section 204 (tax charges: authorised pensions and lump sums), after subsection (2) insert—
  - “(3) For further provision, in addition to that contained in this Chapter, about the taxation of pensions and lump sums which are authorised to be paid by this Part, see—
    - (a) Chapter 5A of Part 9 of ITEPA 2003 (pensions under registered pension schemes);
    - (b) Chapter 15A of that Part of that Act (lump sums under registered pension schemes).”
- 3 Omit sections 214 to 226 (lifetime allowance charge) and the italic heading before those sections.
- 4 (1) Section 232 (annual allowance charge: cash balance arrangements: adjustments of closing value) is amended as follows.
  - (2) In subsection (8A)(c)—
    - (a) omit “or, but for paragraph 15A of Schedule 32, would occur”;
    - (b) for “lifetime allowance excess lump sum” substitute “pension commencement excess lump sum”.
  - (3) In subsection (8D)—
    - (a) in paragraph (a) omit “or benefit crystallisation event 5, 5A or 5B occurs in relation to the individual and the pension scheme”;
    - (b) in paragraph (b) omit “or the benefit crystallisation event occurs”.
  - (4) After subsection (8D) insert—

“(8E) Schedule 32 contains provision about the meaning of references in this section to benefit crystallisation events.”
- 5 (1) Section 236 (annual allowance charge: defined benefits arrangements: adjustments of closing value) is amended as follows.
  - (2) In subsection (8A)(c) for “lifetime allowance excess lump sum” substitute “pension commencement excess lump sum”.
  - (3) In subsection (8D)—

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- (a) in paragraph (a) omit “or benefit crystallisation event 5, 5A or 5B occurs in relation to the individual and the pension scheme”;
  - (b) in paragraph (b) omit “or the benefit crystallisation event occurs”.
- (4) After subsection (8D) insert—
  - “(8E) Schedule 32 contains provision about the meaning of references in this section to benefit crystallisation events.”
- 6 In section 237B (annual allowance: liability of scheme administrator), in subsection (6) omit the words from “or benefit crystallisation event 5” to the end.
- 7 In section 255 (assessments under Part 4 of FA 2004), in subsection (1) omit paragraph (c).
- 8 Omit section 267 (discharge of liability of scheme administrator to lifetime allowance charge).
- 9 (1) Section 269 (appeal against decision on discharge of liability) is amended as follows.
  - (2) In subsection (1)—
    - (a) in paragraph (a) omit “section 267(2) (discharge of liability to lifetime allowance charge)”;
    - (b) omit paragraph (b) (and the “or” before it).
  - (3) In subsection (6) omit “lifetime allowance charge.”.
  - (4) Omit subsections (9) to (11).
- 10 In section 272A (liabilities of independent trustee), in subsection (7) omit paragraph (b).
- 11 In section 280 (abbreviations and general index), in the table in subsection (2) omit the entries for the following—
  - active membership period;
  - amount crystallised;
  - available (in relation to a person’s lifetime allowance);
  - benefit crystallisation event;
  - lifetime allowance (in relation to a person);
  - lifetime allowance charge;
  - lifetime allowance enhancement factors;
  - lifetime allowance excess lump sum;
  - overseas arrangement active membership period;
  - recognised overseas scheme arrangement;
  - relevant overseas individual;
  - standard lifetime allowance;
  - transitional 2013/14 lump sum;
  - winding-up lump sum death benefit.
- 12 In Schedule 28 (pension rules and pension death benefit rules), in Part 2 (pension death benefit rules), in paragraph 16AA omit sub-paragraph (a).
- 13 (1) Schedule 32 (meaning of expressions relating to benefit crystallisation events) is amended as follows.
  - (2) In the shoulder note, for “Section 216” substitute “Sections 232 and 236”.

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- (3) In the heading omit “- supplementary”.
- (4) Before paragraph 1 and the italic heading before it insert—

*“Introduction*

- A1    (1) This Schedule applies for the purposes of sections 232 and 236.
- (2) In this Schedule—
- (a) paragraph [A2](#) sets out the events that are benefit crystallisation events in relation to an individual;
  - (b) subsequent paragraphs give the meaning of expressions used in paragraph [A2](#).

*The benefit crystallisation events*

- A2    (1) Benefit crystallisation event 1 occurs in relation to an individual if sums or assets held for the purposes of a money purchase arrangement under any of the relevant pension schemes are designated as available for the payment of drawdown pension to the individual.
- (2) Benefit crystallisation event 2 occurs in relation to an individual if the individual becomes entitled to a scheme pension under any of the relevant pension schemes.
- (3) Benefit crystallisation event 3 occurs in relation to an individual if the individual, having become so entitled, becomes entitled to payment of the scheme pension, otherwise than in excepted circumstances, at an increased annual rate which—
- (a) exceeds the threshold annual rate, and
  - (b) exceeds by more than the permitted margin the rate at which it was payable on the day on which the individual became entitled to it.
- (4) Benefit crystallisation event 4 occurs in relation to an individual if the individual becomes entitled to a lifetime annuity purchased under a money purchase arrangement under any of the relevant pension schemes.
- (5) Benefit crystallisation event 6 occurs in relation to an individual if the individual becomes entitled to a relevant lump sum under any of the relevant pension schemes.”
- (5) In paragraph 1 (meaning of “the relevant pension schemes”)—
- (a) for “For the purposes of the benefit crystallisation events” substitute “In this Schedule”;
  - (b) omit the words from “(or in the case of” to the end.
- (6) Omit the following paragraphs and the italic headings before them—
- (a) paragraph 2A (avoiding double counting of refunded amounts of overseas transfer charge);
  - (b) paragraphs 2B, 3 and 4 (BCEs 1, 2 and 4: prevention of overlap);
  - (c) paragraph 5 (BCEs 1 and 5: hybrid arrangements);

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- (d) paragraph 6 (BCEs 2, 3 and 5: meaning of “RVF”);
- (7) In paragraph 7 (BCEs 2 and 4: early lifetime annuities) omit sub-paragraphs (4) and (5).
- (8) Omit the following paragraphs and the italic headings before them—
  - (a) paragraph 9 (BCE 2: meaning of “P”);
  - (b) paragraph 13 (BCE 3: meaning of “XP”);
  - (c) paragraph 14 (BCE 5: meaning of “DP” and “DSLS”);
  - (d) paragraph 14ZA (BCEs 5 and 5B: hybrid arrangements);
  - (e) paragraph 14ZB (BCE 5A: meaning of “amounts crystallised by BCE 1”);
  - (f) paragraph 14A (BCE 5B: meaning of “remaining unused funds”);
  - (g) paragraph 14B (BCEs 5C and 5D: meaning of “relevant two-year period”);
  - (h) paragraph 14C (BCEs 5C and 5D: meaning of “relevant unused uncrystallised funds”).
- (9) In paragraph 15 (BCE 6: meaning of “relevant lump sum”), in sub-paragraph (c), for “lifetime allowance excess lump sum” substitute “pension commencement excess lump sum”.
- (10) Omit the following paragraphs and the italic headings before them—
  - (a) paragraph 15A (BCE 6: prevention of overlap);
  - (b) paragraph 16 (BCE 7: meaning of “relevant lump sum death benefit”);
  - (c) paragraph 17 (BCE 8: prevention of overlap).
- 14 In Schedule 34 (non-UK schemes: application of certain charges) omit paragraphs 13 to 19 (lifetime allowance charge) and the italic heading before those paragraphs.

## PART 2

### TAXATION OF LUMP SUMS

#### *Amendments of Part 4 of FA 2004 (pension schemes etc)*

- 15 Part 4 of FA 2004 (pension schemes etc) is amended as follows.
- 16 In section 164 (authorised member payments), in subsection (2)(c), for the words from “for the purposes of” to the end substitute “as a relevant benefit crystallisation event for the purposes of [section 637Q](#) or [637S](#) of ITEPA 2003 (availability of individual’s lump sum allowance and lump sum and death benefit allowance).”
- 17 (1) Section 166 (lump sum rule) is amended as follows.
  - (2) In subsection (1), in the lump sum rule—
    - (a) after paragraph (a) insert—
      - “(aa) a pension commencement excess lump sum,”;
    - (b) at the end of paragraph (e) insert “, or”;
    - (c) omit paragraphs (g) and (h).
  - (3) In subsection (2)—
    - (a) omit paragraph (za);

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- (b) in paragraph (a), for “any other pension commencement lump sum” substitute “a pension commencement lump sum or a pension commencement excess lump sum”.
- 18 In section 168 (lump sum death benefit rule), in subsection (1), in the lump sum death benefit rule—
- (a) at the end of paragraph (f) insert “, or”;
- (b) omit paragraph (i) (and the “or” before it).
- 19 In section 227G (when pension rights are first flexibly accessed) omit subsection (11).
- 20 (1) Section 228ZA (tapered reduction of annual allowance: high-income individual) is amended as follows.
- (2) In subsection (4) (definition of “adjusted income”), for paragraph (e) substitute—
- “(e) the amount of any lump sum death benefit which is subject to the charge to tax on pension income under Part 9 of ITEPA 2003 (pension income) in the tax year.”
- (3) In subsection (5) (definition of “threshold income”), for paragraph (d) substitute—
- “(d) the amount of any lump sum death benefit which is subject to the charge to tax on pension income under Part 9 of ITEPA 2003 (pension income) in the tax year.”
- 21 In section 264 (false statements etc), in subsection (1)(a), for “under this Part, or” substitute “under this Part or under Part 9 of ITEPA 2003 (pension income) on pension income to which—
- “(i) any provision of Chapter 15A of that Part of that Act (lump sums under registered pension schemes) applies, or
- (ii) section 579A of that Act (pension income under registered pension schemes) applies by virtue of any provision of that Chapter, or”
- 22 (1) Section 265 (winding-up to facilitate payment of lump sums) is amended as follows.
- (2) In subsection (2) omit “or winding-up lump sum death benefits (or both)”.
- (3) In subsection (4) omit paragraph (b) (and the “and” before it).
- 23 After section 278 (market value) insert—

**“278A Disqualifying pension credits**

- (1) For the purposes of this Part, a pension credit is “disqualifying” if, when the member becomes entitled to it, the person subject to the corresponding pension debit has an actual (rather than a prospective) right to payment of a pension under the relevant arrangement.
- (2) The “relevant arrangement” is the arrangement to which the pension sharing order, or provision by virtue of which the member becomes entitled to the pension credit, relates.

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### 278B Annuities and scheme pensions: meaning of “related to”

- (1) For the purposes of this Part, a dependants' annuity is “related to” a lifetime annuity payable to a member of a registered pension scheme if—
    - (a) they are purchased either in the form of a joint life annuity or separately in circumstances in which the day on which the one is purchased is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased, and
    - (b) the dependants' annuity will be payable to a dependant of the member.
  - (2) For the purposes of this Part, a nominees' annuity is “related to” a lifetime annuity payable to a member of a registered pension scheme if—
    - (a) they are purchased either in the form of a joint life annuity or separately in circumstances in which the day on which the one is purchased is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased, and
    - (b) the nominees' annuity will be payable to a nominee of the member.
  - (3) For the purposes of this Part, a dependants' scheme pension is “related to” a scheme pension payable to a member of a registered pension scheme if—
    - (a) the day on which one is purchased or sums or assets are applied for its provision is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased or sums or assets are applied for its provision, and
    - (b) the dependants' scheme pension will be payable to a dependant of the member.”
- 24 In section 280 (abbreviations and general index), in the table in subsection (2)—
- (a) at the appropriate places add—
- 
- |                                       |                               |
|---------------------------------------|-------------------------------|
| “pension commencement excess lump sum | paragraph 3C of Schedule 29”; |
|---------------------------------------|-------------------------------|
- 
- (b) in the entry for “related dependants' annuity” for “paragraph 3(4A) of Schedule 29” substitute “[section 278B\(1\)](#)”;
  - (c) in the entry for “related nominees' annuity” for “paragraph 3(4B) of Schedule 29” substitute “[section 278B\(2\)](#)”;
  - (d) in the entry for “related dependants' scheme pension” for “paragraph 3(7C) of Schedule 29” substitute “[section 278B\(3\)](#)”.
- 25 Schedule 29 (authorised lump sums - supplementary) is amended in accordance with paragraphs [26](#) to [37](#).
- 26 (1) Paragraphs 1 to 3A (pension commencement lump sums) are amended as follows.
- (2) In paragraph 1 (pension commencement lump sum)—
- (a) in sub-paragraph (1)—
    - (i) in paragraph (b) for the words from “lifetime allowance” to the end substitute “lump sum allowance is available, and all or part or the member's lump sum and death benefit allowance is available (see paragraph [12A](#)).”;

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- (ii) in sub-paragraph (f) for “sub-paragraphs (4) and (4A)” substitute “sub-paragraph (4A)”;
  - (b) omit sub-paragraphs (3A), (4) and (6).
- (3) Omit paragraphs 1A and 1B (which modify the definition of “pension commencement lump sum” in relation to certain lump sums paid before 6 April 2015 and are therefore no longer of practical utility).
- (4) For paragraph 2 (definition of “the permitted maximum”) substitute—
  - “2 In paragraph 1 “the permitted maximum”, in relation to a lump sum, means the lowest of the following amounts—
    - (a) the applicable amount in relation to the relevant pension (see paragraphs [2A](#) to [2D](#));
    - (b) so much of the member’s lump sum allowance as is available on the individual becoming entitled to the lump sum (see paragraph [12A](#));
    - (c) so much of the member’s lump sum and death benefit allowance as is available on the individual becoming entitled to the lump sum (see paragraph [12A](#)).”
- (5) For paragraph 3 (definition of “the applicable amount”) substitute—
  - “2A (1) This paragraph defines “the applicable amount” in relation to a relevant pension in a case in which the relevant pension is income withdrawal.
  - (2) The applicable amount is one third of the scheme pension capital value.
  - (3) The scheme pension capital value is (subject to sub-paragraph [\(4\)](#)) the aggregate of—
    - (a) the sums designated as available for the payment of drawdown pension on that occasion, and
    - (b) the market value of the assets so designated.
  - (4) There is to be deducted from the amount determined under sub-paragraph [\(3\)](#) so much (if any) of the sums and assets designated as mentioned in sub-paragraph [\(3\)\(a\)](#) or [\(b\)](#) as represent rights attributable to a disqualifying pension credit.
- 2B (1) This paragraph defines “the applicable amount” in relation to a relevant pension in a case in which the relevant pension is a lifetime annuity.
- (2) The applicable amount is one third of the annuity purchase price.
- (3) The annuity purchase price is (subject to sub-paragraph [\(4\)](#)) the aggregate of—
  - (a) such of the sums held for the purposes of the pension scheme, and
  - (b) the market value of such of the assets held for the purposes of the pension scheme,as are applied in (or in connection with) the purchase of the lifetime annuity and any related dependants’ annuity and any related nominees’ annuity.
- (4) There is to be deducted from the amount determined under sub-paragraph [\(3\)](#)—

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- (a) if the sums or assets applied in (or in connection with) the purchase of the annuity or any related dependants' annuity or any related nominees' annuity consist of, or include, sums or assets representing the whole or part of the member's drawdown pension fund or of the member's flexi-access drawdown fund, the aggregate of those sums and the market value of those assets, and
- (b) in any case, so much (if any) of the sums or assets applied in (or in connection with) the purchase of the annuity or any related dependants' annuity or any related nominees' annuity as represents rights which are attributable to a disqualifying pension credit.

2C (1) This paragraph defines “the applicable amount” in relation to a relevant pension in a case in which the relevant pension is—

- (a) a scheme pension under a defined benefits arrangement, or
- (b) a collective money purchase arrangement.

(2) The applicable amount is (subject to sub-paragraph (3))—

$$\frac{A + (B \times C) - D}{4}$$

where—

A is the amount of the lump sum;

B is the relevant revaluation factor (see section 276);

C is the amount of the pension which will be payable to the member in the period of 12 months beginning with the day on which the member becomes entitled to the pension (assuming that it remains payable throughout that period at the rate at which it is payable on that day);

D is so much (if any) of A or C as represents rights which are attributable to a disqualifying pension credit.

(3) In determining C for the purposes of subsection (2) in a case in which the pension is under a public service pension scheme, any abatement of the pension is to be left out of account.

2D (1) This paragraph defines “the applicable amount” in relation to a relevant pension in a case in which the relevant pension is a scheme pension under a money purchase arrangement that is not a collective money purchase arrangement.

(2) The applicable amount is one third of the scheme pension purchase price.

(3) The scheme pension purchase price is (subject to sub-paragraph (4)) the aggregate of—

- (a) such of the sums held for the purposes of the pension scheme, and
- (b) the market value of such of the assets held for the purposes of the pension scheme,

as are applied in (or in connection with) the purchase or provision of the scheme pension and any related dependants' scheme pension.



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- (4) There is to be deducted from the amount determined under sub-paragraph (3)—
- (a) if the scheme pension is funded (in whole or in part) by the application of sums or assets representing the whole or part of the member’s drawdown pension fund or of the member’s flexi-access drawdown fund, the aggregate of those sums and the market value of those assets, and
  - (b) in any case, so much (if any) of the sums and assets referred to in sub-paragraph (3)(a) and (b) as represent rights which are attributable to a disqualifying pension credit.”
- (6) Before paragraph 3A (anti-avoidance rule to prevent recycling of pension commencement lump sum) insert the following heading—

*“Pension commencement lump sums: anti-avoidance”.*

- (7) In paragraph 3A(5), for paragraphs (a) and (b) substitute “the amount of the lump sum”.

- (8) After paragraph 3A insert—

“3B (1) Sub-paragraph (2) applies if—

- (a) sums or assets held for the purposes of, or representing accrued rights under, a money purchase arrangement relating to the member under a registered pension scheme (“member money purchase funds”) are subject to a relevant surrender or a relevant transfer,
  - (b) the sole or main purpose of the relevant surrender or relevant transfer is to increase the applicable amount for the purposes of paragraph 2 on the member becoming entitled to a scheme pension, and
  - (c) the member becomes entitled to a scheme pension under a relevant defined benefits arrangement.
- (2) The pension scheme under which the relevant defined benefits arrangement is an arrangement is to be treated as making an unauthorised payment to the member of the amount by which—
- (a) the applicable amount in relation to the relevant defined benefits arrangement (as determined under paragraph 2C), exceeds
  - (b) what would be the applicable amount (as determined under paragraph 2D) if the arrangement were a money purchase arrangement.
- (3) For the purposes of sub-paragraph (1)—
- (a) member money purchase funds are subject to a “relevant surrender” if they are surrendered and, in consequence of the surrender, there is a corresponding increase in the sums or assets held for the purposes of, or representing rights under, a defined benefits arrangement relating to the member under the pension scheme (or such an arrangement is established), and
  - (b) member money purchase funds are subject to a “relevant transfer” if they are transferred so as to become held for the

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purposes of, or to represent rights under, a defined benefits arrangement relating to the member under any other registered pension scheme.

- (4) In this paragraph “relevant defined benefits arrangement” means—
- (a) the defined benefits arrangement mentioned in paragraph (a) or (b) of sub-paragraph (3), or
  - (b) any other defined benefits arrangement relating to the member (under the pension scheme or any other registered pension scheme) in the case of which any of the sums or assets held for the purposes of, or representing accrued rights under, the arrangement directly or indirectly represent sums or assets previously held for the purposes of, or representing accrued rights under, the defined benefits arrangement so mentioned.”

- (9) After paragraph 3B (as inserted by sub-paragraph (8)) insert—

*“Pension commencement excess lump sum*

- 3C (1) For the purposes of this Part a lump sum is a pension commencement excess lump sum if—

- (a) the member becomes entitled to it in connection with becoming entitled to a relevant pension (or dies after becoming entitled to it but before becoming entitled to the relevant pension in connection with which it was anticipated that the member would become entitled to it);
- (b) it is paid when none of the member’s lump sum allowance is available (see paragraph 12A);
- (c) it is paid within the period beginning six months before, and ending one year after, the day on which the member becomes entitled to it;
- (d) it does not reduce the rate of payment of any pension to which the member has become (actually) entitled, or extinguish the member’s entitlement to payment of any such pension;
- (e) it is paid when the member has reached normal minimum pension age (or the ill-health condition is met); and
- (f) it is not an excluded lump sum (see sub-paragraph (4)).

- (2) But if a lump sum falling within sub-paragraph (1) exceeds the permitted maximum, the excess is not a pension commencement excess lump sum.

- (3) In this paragraph “the permitted maximum”, in relation to a lump sum, means—

$$(A \times 4) - B$$

where—

“A” is the applicable amount in relation to the relevant pension (see paragraphs 2A to 2D);

“B” is the amount of the member’s lump sum and death benefit allowance that is available on the payment of the lump sum (see paragraph 12A).

- (4) A lump sum is an “excluded lump sum” if—

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- (a) it would, apart from this paragraph, be permitted to be paid under the lump sum rule in section 166, or
    - (b) the pension in connection with which the member becomes entitled to it is a CMP-derived drawdown pension.
  - (5) In determining for the purposes of this paragraph—
    - (a) whether any of a member’s lump sum allowance is available on the payment of a lump sum, or
    - (b) the amount of a member’s lump sum and death benefit allowance that is available on the payment of a lump sum,the member is treated as having already become entitled to any pension commencement lump sum that is paid to the member in connection with becoming entitled to the relevant pension.”
- 27 (1) Paragraph 4 (serious ill-health lump sum) is amended as follows.
  - (2) In sub-paragraph (1)—
    - (a) at the end of paragraph (a) insert “and”;
    - (b) omit paragraph (b).
  - (3) In sub-paragraph (2) for “in respect of which there has been no previous benefit crystallisation event” substitute “under which the member has not previously become entitled to any pension or lump sum”.
  - (4) Omit sub-paragraph (3).
- 28 (1) Paragraph 4A (uncrystallised funds pension lump sum) is amended as follows.
  - (2) In sub-paragraph (1) omit paragraph (b).
  - (3) Omit sub-paragraph (2).
- 29 (1) Paragraph 5 (short service refund lump sum) is amended as follows.
  - (2) In sub-paragraph (1), for paragraph (c) substitute—

“(c) the member has not previously become entitled to any pension or lump sum under the pension scheme,”.
- 30 (1) In paragraph 7 (trivial commutation lump sum), in sub-paragraph (1)(c), for “lifetime allowance is available” substitute “lump sum allowance is available (see paragraph 12A)”.
  - (2) In paragraph 8 (trivial commutation lump sum: value of member’s relevant crystallised pension rights on the nominated date), in sub-paragraph (1), for paragraph (b) substitute—

“(b) the amount given by the formula—

$$((A - B) \times 4) + C$$

where—

“A” is the member’s lump sum allowance;

“B” is the amount of the member’s lump sum allowance that is available (see paragraph 12A) on the payment of the lump sum in question;

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“C” is the amount of any serious ill health lump sum already paid to the member so far as it was not chargeable to income tax.”

- 31 In paragraph 10 (winding-up lump sum), in sub-paragraph (1)(d), for “lifetime allowance is available” substitute “lump sum allowance is available (see paragraph 12A)”.
- 32 Omit paragraph 11 (lifetime allowance excess lump sum) and the italic heading before it.
- 33 Omit paragraph 11A (transitional 2013/14 lump sum) and the italic heading before it.
- 34 In the italic heading before paragraph 12 omit “of Part 1”.
- 35 (1) Paragraph 12 (interpretation) is amended as follows.
- (2) Omit sub-paragraphs (1A) to (4).
- (3) In sub-paragraph (5), for “4A(2)” substitute “3C(2)”.
- 36 After paragraph 12 insert—
- “12A (1) In this Part of this Schedule, a reference to the amount of an individual’s lump sum allowance that is available on the individual becoming entitled to a lump sum, or being paid a lump sum, is to the amount of that allowance that would be so available on the following assumption.
- (2) The assumption is that the individual becoming entitled to or (as the case may be) being paid the lump sum was a relevant benefit crystallisation event within the meaning of section 637Q of ITEPA 2003 (availability of individual’s lump sum allowance).
- (3) In this Part of this Schedule, a reference to the amount of an individual’s lump sum and death benefit allowance that is available on the individual becoming entitled to a lump sum, or being paid a lump sum, is to the amount of that allowance that would be so available on the following assumption.
- (4) The assumption is that the individual becoming entitled to or (as the case may be) being paid the lump sum was a relevant benefit crystallisation event within the meaning of section 637S of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).”
- 37 (1) In paragraph 13 (defined benefits lump sum death benefit) sub-paragraph (1)(d) is amended as follows.
- (2) After “pension protection lump sum death benefit,” insert “or”.
- (3) Omit “or winding-up lump sum death benefit.”

#### *Amendments of Part 9 of ITEPA 2003*

- 38 Part 9 of ITEPA 2003 (pension income) is amended as follows.
- 39 In section 565 (structure of Part 9), for the paragraph relating to Chapter 15A substitute—
- “Chapter 15A—

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- (a) provides for certain amounts paid under registered pension schemes in the form of lump sums to be subject to the charge to tax on pension income, and

(b) deals with exemptions from the charge to tax (whether under this Part or any other provision) in relation to certain other amounts paid under registered pension schemes in the form of lump sums.”
- 40
- (1) Section 566 (nature of charge to tax on pension income and relevant definitions) is amended as follows.

(2) In subsection (3), for “16” substitute “15A”.

(3) In the table in subsection (4)—

(a) after the entry for section 633 insert—

“Section 637B	Pensions treated as arising from payment of pension commencement excess lump sums under registered pension schemes	Chapter 15A”
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- (b) in the entry for section 636B, in the first column, for “636B” substitute “637G”.

(c) in the entry for section 636C—

(i) in the first column, for “636C” substitute “637N”;

(ii) in the second column omit “and winding-up lump sum death benefits”.
- 41
- For Chapter 15A substitute—

“CHAPTER 15A

LUMP SUMS UNDER REGISTERED PENSION SCHEMES

Introduction

637 Introduction

- (1) This Chapter makes provision about the income tax treatment of authorised lump sums and authorised lump sum death benefits.

(2) In this Chapter—

(a) “authorised lump sum” means a lump sum permitted by the lump sum rule in section 166 of FA 2004 to be paid by a registered pension scheme to a member of the scheme;

(b) “authorised lump sum death benefit” means a lump sum death benefit permitted by the lump sum death benefit rule in section 168 of that Act to be paid by a registered pension scheme in respect of a member of the scheme.

(3) Expressions used in this Chapter and Part 4 of FA 2004 (pensions etc) have the same meaning in this Chapter as in that Part.

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### *Tax treatment of authorised lump sums*

#### **637A Pension commencement lump sums**

No liability to income tax arises on a pension commencement lump sum paid under a registered pension scheme.

#### **637B Pension commencement excess lump sums**

A person to whom a pension commencement excess lump sum is paid under a registered pension scheme is treated as having taxable pension income for the tax year in which the payment is made equal to the amount of the lump sum.

#### **637C Serious ill-health lump sums**

- (1) Subject to subsections (2) and (4), no liability to income tax arises on a serious ill-health lump sum paid under a registered pension scheme.
- (2) If—
  - (a) a serious ill-health lump sum is paid under a registered pension scheme to a member who (at the time of the payment) is under 75, and
  - (b) the lump sum exceeds the permitted maximum,
 section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.
- (3) In subsection (2) “the permitted maximum”, in relation to a serious ill-health lump sum paid to a member, means so much of the member’s lump sum and death benefit allowance as is available immediately before the member becomes entitled to the lump sum (see section 637S).
- (4) If a serious ill-health lump sum is paid under a registered pension scheme to a member who (at the time of the payment) is 75 or over, section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.

#### **637D Uncrystallised funds pension lump sums**

- (1) Subject to subsection (2), where an uncrystallised funds pension lump sum is paid under a registered pension scheme—
  - (a) no liability to income tax arises on 25% of the lump sum, and
  - (b) section 579A (pensions) applies in relation to the remainder of the lump sum as it applies to any pension under a registered pension scheme.
- (2) If—
  - (a) an uncrystallised funds pension lump sum is paid under a registered pension scheme, and
  - (b) 25% of the lump sum is an amount that exceeds the permitted maximum,

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section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.

- (3) In subsection (2) “the permitted maximum”, in relation to an uncrystallised funds pension lump sum paid to a member, means the lower of the following amounts—
- (a) so much of the member’s lump sum allowance as is available immediately before the member becomes entitled to the lump sum (see section 637Q);
  - (b) so much of the member’s lump sum and death benefit allowance as is available immediately before the member becomes entitled to the lump sum (see section 637S).

### **637E Short service refund lump sum**

A short service refund lump paid under a registered pension scheme is subject to income tax in accordance with section 205 of FA 2004 (charge to tax on scheme administrator in respect of such a lump sum) but not otherwise.

### **637F Refund of excess contributions lump sums**

No liability to income tax arises on a refund of excess contributions lump sum paid under a registered pension scheme.

### **637G Trivial commutation lump sums and winding-up lump sums**

- (1) Subject to subsection (2), a member of a registered pension scheme to whom—
- (a) a trivial commutation lump sum, or
  - (b) a winding-up lump sum,
- is paid under the scheme is treated as having taxable pension income for the tax year in which the payment is made equal to the amount of the lump sum.
- (2) If, immediately before the lump sum is paid, the member has uncrystallised rights under any one or more arrangements under the pension scheme, the amount of the taxable pension income is reduced by the tax-free element (if any).
- (3) In subsection (2) “the tax-free element” means 25% of the value of any uncrystallised rights extinguished by the lump sum.
- (4) In this section “uncrystallised rights” has the same meaning as in section 212 of FA 2004; and the value for the purposes of this section of any uncrystallised rights is to be calculated in accordance with that section.

### *Tax treatment of authorised lump sum death benefits*

### **637H Defined benefits lump sum death benefits**

- (1) Subject to subsections (2) to (6), no liability to income tax arises on a defined benefits lump sum death benefit paid under a registered pension scheme.



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(2) If—

- (a) a defined benefits lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
  - (b) the lump sum is paid before the end of the relevant two year period, and
  - (c) the lump sum exceeds the permitted maximum,
- section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.

(3) If—

- (a) a defined benefits lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
  - (b) the lump sum is not paid before the end of the relevant two year period, and
  - (c) the lump sum is paid to a qualifying person,
- section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.

(4) If—

- (a) a defined benefits lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
  - (b) the lump sum is not paid before the end of the relevant two year period, and
  - (c) the lump sum is paid to a non-qualifying person,
- the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.

(5) If a defined benefits lump sum death benefit under a registered pension scheme is paid—

- (a) in respect of a member who, on death, is 75 or over, and
- (b) to a qualifying person,

section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.

(6) If a defined benefits lump sum death benefit under a registered pension scheme is paid—

- (a) in respect of a member who, on death, is 75 or over, and
- (b) to a non-qualifying person,

the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.

(7) In this section—

“non-qualifying person” has the same meaning as in section 206 of FA 2004;

“the permitted maximum”, in relation to a defined benefits lump sum death benefit paid in respect of a member, means so much of the member’s lump sum and death benefit allowance as is available immediately before the lump sum is paid (see section 637S);

“qualifying person” means a person who is not a non-qualifying person;



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“the relevant two year period” means the period of two years beginning with the day on which the scheme administrator of the scheme first knew of the member’s death or (if earlier) the day on which the scheme administrator could first reasonably have been expected to have known of it.

### **637I Pension protection lump sum death benefits**

- (1) Subject to subsections (2), (3) and (4) no liability to income tax arises on a pension protection lump sum death benefit paid under a registered pension scheme.
- (2) If—
  - (a) a pension protection lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75, and
  - (b) the lump sum exceeds the permitted maximum,section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.
- (3) If a pension protection lump sum death benefit under a registered pension scheme is paid—
  - (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a qualifying person,section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.
- (4) If a pension protection lump sum death benefit under a registered pension scheme is paid—
  - (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a non-qualifying person,the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.
- (5) In this section—

“non-qualifying person” has the same meaning as in section 206 of FA 2004;

“the permitted maximum”, in relation to a pension protection lump sum death benefit paid in respect of a member, means so much of the member’s lump sum and death benefit allowance as is available immediately before the lump sum is paid (see section 637S);

“qualifying person” means a person who is not a non-qualifying person.

### **637J Uncrystallised funds lump sum death benefits**

- (1) Subject to subsections (2) to (6), no liability to income tax arises on an uncrystallised funds lump sum death benefit paid under a registered pension scheme.
- (2) If—

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- (a) an uncrystallised funds lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
  - (b) the lump sum is paid before the end of the relevant two year period, and
  - (c) the lump sum exceeds the permitted maximum,

section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.
- (3) If—
  - (a) an uncrystallised funds lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
  - (b) the lump sum is not paid before the end of the relevant two year period, and
  - (c) the lump sum is paid to a qualifying person,

section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.
- (4) If—
  - (a) an uncrystallised funds lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
  - (b) the lump sum is not paid before the end of the relevant two year period, and
  - (c) the lump sum is paid to a non-qualifying person,

the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.
- (5) If an uncrystallised funds lump sum death benefit under a registered pension scheme is paid—
  - (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a qualifying person,

section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.
- (6) If an uncrystallised funds lump sum death benefit under a registered pension scheme is paid—
  - (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a non-qualifying person,

the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.
- (7) In this section—
  - “non-qualifying person” has the same meaning as in section 206 of FA 2004;
  - “the permitted maximum”, in relation to an uncrystallised funds lump sum death benefit paid in respect of a member, means so much of the member’s lump sum and death benefit allowance as is available immediately before the lump sum is paid (see section [637S](#));

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“qualifying person” means a person who is not a non-qualifying person;

“the relevant two year period” means the period of two years beginning with the day on which the scheme administrator of the scheme first knew of the member’s death or (if earlier) the day on which the scheme administrator could first reasonably have been expected to have known of it.

### **637K Annuity protection lump sum death benefits**

- (1) Subject to subsections (2), (3) and (4), no liability to income tax arises on an annuity protection lump sum death benefit paid under a registered pension scheme.
- (2) If—
  - (a) an annuity protection lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75, and
  - (b) the lump sum exceeds the permitted maximum,section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.
- (3) If an annuity protection lump sum death benefit under a registered pension scheme is paid—
  - (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a qualifying person,section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.
- (4) If an annuity protection lump sum death benefit under a registered pension scheme is paid—
  - (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a non-qualifying person,the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.
- (5) In this section—

“non-qualifying person” has the same meaning as in section 206 of FA 2004;

“the permitted maximum”, in relation to an annuity protection lump sum death benefit paid in respect of a member, means so much of the member’s lump sum and death benefit allowance as is available immediately before the lump sum is paid (see section 637S);

“qualifying person” means a person who is not a non-qualifying person.

### **637L Drawdown pension fund lump sum death benefits**

- (1) Subject to subsections (2) to (6), no liability to income tax arises on a drawdown pension lump sum death benefit paid under a registered pension scheme.

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(2) If—

- (a) a drawdown pension lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
- (b) the lump sum is paid before the end of the relevant two year period, and
- (c) the lump sum exceeds the permitted maximum,

section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.

(3) If—

- (a) a drawdown pension lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
- (b) the lump sum is not paid before the end of the relevant two year period, and
- (c) the lump sum is paid to a qualifying person,

section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.

(4) If—

- (a) a drawdown pension lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
- (b) the lump sum is not paid before the end of the relevant two year period, and
- (c) the lump sum is paid to a non-qualifying person,

the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.

(5) If a drawdown pension lump sum death benefit under a registered pension scheme is paid—

- (a) in respect of a member who, on death, is 75 or over, and
- (b) to a qualifying person,

section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.

(6) If a drawdown pension lump sum death benefit under a registered pension scheme is paid—

- (a) in respect of a member who, on death, is 75 or over, and
- (b) to a non-qualifying person,

the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.

(7) A reference in this section to a “member”, in relation to a drawdown pension lump sum death benefit under paragraph 17(2) of Schedule 29 to FA 2004 (lump sum payable on death of dependant of deceased member), is a reference to the dependant on whose death the lump sum is payable.

(8) In this section—

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“non-qualifying person” has the same meaning as in section 206 of FA 2004;

“the permitted maximum”, in relation to a drawdown pension lump sum death benefit paid in respect of a member, means so much of the member’s lump sum and death benefit allowance as is available immediately before the lump sum is paid (see section 637S);

“qualifying person” means a person who is not a non-qualifying person;

“the relevant two year period” means the period of two years beginning with the day on which the scheme administrator of the scheme first knew of the member’s death or (if earlier) the day on which the scheme administrator could first reasonably have been expected to have known of it.

### **637M Flexi-access drawdown lump sum death benefits**

(1) Subject to subsections (2) to (6), no liability to income tax arises on a flexi-access drawdown lump sum death benefit paid under a registered pension scheme.

(2) If—

- (a) a flexi-access drawdown lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
- (b) the lump sum is paid before the end of the relevant two year period, and
- (c) the lump sum exceeds the permitted maximum,

section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.

(3) If—

- (a) a flexi-access drawdown lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
- (b) the lump sum is not paid before the end of the relevant two year period, and
- (c) the lump sum is paid to a qualifying person,

section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.

(4) If—

- (a) a flexi-access drawdown lump sum death benefit under a registered pension scheme is paid in respect of a member who, on death, is under 75,
- (b) the lump sum is not paid before the end of the relevant two year period, and
- (c) the lump sum is paid to a non-qualifying person,

the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.

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- (5) If a flexi-access drawdown lump sum death benefit under a registered pension scheme is paid—
- (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a qualifying person,
- section 579A (pensions) applies to the lump sum as it applies to any pension under a registered pension scheme.
- (6) If a flexi-access drawdown lump sum death benefit under a registered pension scheme is paid—
- (a) in respect of a member who, on death, is 75 or over, and
  - (b) to a non-qualifying person,
- the lump sum is subject to income tax under section 206 of FA 2004 (special lump sum death benefits charge on scheme administrator) but not otherwise.
- (7) A reference in this section to a “member”—
- (a) in relation to a flexi-access drawdown lump sum death benefit under paragraph 17A(2) of Schedule 29 to FA 2004 (lump sum payable on death of dependant of deceased member), is a reference to the dependant on whose death the lump sum is payable;
  - (b) in relation to a flexi-access drawdown lump sum death benefit under paragraph 17A(3) or (4) of Schedule 29 to FA 2004 (lump sum payable on death of nominee or successor of deceased member), is a reference to the nominee or successor on whose death the lump sum is payable.
- (8) In this section—
- “non-qualifying person” has the same meaning as in section 206 of FA 2004;
  - “the permitted maximum”, in relation to a flexi-access drawdown lump sum death benefit paid in respect of a member, means so much of the member’s lump sum and death benefit allowance as is available immediately before the lump sum is paid (see section 637S);
  - “qualifying person” means a person who is not a non-qualifying person;
  - “the relevant two year period” means the period of two years beginning with the day on which the scheme administrator of the scheme first knew of the member’s death or (if earlier) the day on which the scheme administrator could first reasonably have been expected to have known of it.

### **637N Trivial commutation lump sum death benefits**

A person to whom a trivial commutation lump sum death benefit is paid under a registered pension scheme is treated as having taxable pension income for the tax year in which the payment is made equal to the amount of the lump sum.

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## Allowances

### 637P Individual’s lump sum allowance

An individual’s “lump sum allowance” is £268,275.

### 637Q Availability of individual’s lump sum allowance

- (1) This section is about the availability of an individual’s lump sum allowance on the occurrence of a relevant benefit crystallisation event (“the current event”).
- (2) In this section—
  - (a) “relevant benefit crystallisation event”, in relation to an individual, means the individual becoming entitled to a relevant lump sum;
  - (b) “relevant lump sum” means—
    - (i) a pension commencement lump sum, or
    - (ii) an uncrystallised funds pension lump sum.
- (3) If no relevant benefit crystallisation event has occurred in relation to the individual before the current event, the whole of the individual’s lump sum allowance is available.
- (4) Otherwise, the amount of the individual’s lump sum allowance that is available is—
  - (a) so much of that allowance as is left after deducting the previously-used amount, or
  - (b) if none is left after deducting that amount, nil.
- (5) For this purpose “the previously-used amount” is the aggregate of the non-taxable amounts in relation to each relevant benefit crystallisation event that has occurred in relation to the individual before the current event.
- (6) In subsection (5) “non-taxable amount”, in relation to a relevant benefit crystallisation event, means so much (if any) of the relevant lump sum to which the event relates as is exempt from the charge to income tax by virtue of any provision of this Chapter.
- (7) A reference in this section to a relevant benefit crystallisation event is to a relevant benefit crystallisation event occurring on or after 6 April 2024.
- (8) For transitional provision under which the amount of an individual’s lump sum allowance available on the occurrence of a relevant benefit crystallisation event may be reduced as a result of events occurring before 6 April 2024, see [paragraph 125](#) of [Schedule 9](#) to FA 2024.

### 637R Individual’s lump sum and death benefit allowance

An individual’s “lump sum and death benefit allowance” is £1,073,100.

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### 637S Availability of individual's lump sum and death benefit allowance

- (1) This section is about the availability of an individual's lump sum and death benefit allowance on the occurrence of a relevant benefit crystallisation event ("the current event").
- (2) In this section—
  - (a) "relevant benefit crystallisation event", in relation to an individual, means—
    - (i) the individual becoming entitled to a relevant lump sum, or
    - (ii) a person being paid a relevant lump sum death benefit in respect of the individual;
  - (b) "relevant lump sum" means—
    - (i) a pension commencement lump sum,
    - (ii) a serious ill-health lump sum, or
    - (iii) an uncrystallised funds pension lump sum;
  - (c) "relevant lump sum death benefit" means any authorised lump sum death benefit other than—
    - (i) a charity lump sum death benefit, or
    - (ii) a trivial commutation lump sum death benefit.
- (3) If no relevant benefit crystallisation event has occurred in relation to the individual before the current event, the whole of the individual's lump sum and death benefit allowance is available.
- (4) Otherwise, the amount of the individual's lump sum and death benefit allowance that is available is—
  - (a) so much of that allowance as is left after deducting the previously-used amount, or
  - (b) if none is left after deducting that amount, nil.
- (5) For this purpose "the previously-used amount" is the aggregate of the non-taxable amounts in relation to each relevant benefit crystallisation event that has occurred in relation to the individual before the current event.
- (6) In subsection (5) "non-taxable amount", in relation to a relevant benefit crystallisation event, means so much (if any) of the relevant lump sum, or relevant lump sum death benefit, to which the event relates as is exempt from the charge to income tax by virtue of any provision of this Chapter.
- (7) Where more than one relevant benefit crystallisation event within subsection (2)(a)(i) occurs in relation to an individual on the same day, it is for the individual to decide the order in which they are to be treated as occurring for the purposes of this section.
- (8) Where more than one relevant benefit crystallisation event within subsection (2)(a)(ii) occurs in relation to an individual, they are to be treated for the purposes of this section as occurring—
  - (a) immediately before the individual's death,
  - (b) immediately after any pension commencement lump sum to which the individual becomes entitled immediately before death by virtue of section 166(2) of FA 2004 (lump sum rule), and



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- (c) in such order as may be decided by the individual's personal representatives.
- (9) A reference in this section to a relevant benefit crystallisation event is to a relevant benefit crystallisation event occurring on or after 6 April 2024.
- (10) For transitional provision under which the amount of an individual's lump sum and death benefit allowance available on the occurrence of a relevant benefit crystallisation event may be reduced as a result of events occurring before 6 April 2024, see [paragraph 126](#) of [Schedule 9](#) to FA 2024.
- (11) For further transitional provision that may affect the operation of this section, see paragraph 20 of Schedule 36 to FA 2004 (pensions in payment before commencement of Part 4 of FA 2004)."

*Amendments of the Registered Pension Schemes (Authorised Payments) Regulations 2009*

- 42 (1) The Registered Pension Schemes (Authorised Payments) Regulations 2009 ([S.I. 2009/1171](#)) are amended as follows.
- (2) Omit regulation 3A (which relates to payments made before 6 April 2015 and is therefore no longer of practical utility).
  - (3) In regulation 7 (meaning of "relevant accretion") omit paragraphs (3) and (3A).
  - (4) In regulation 16 (payments of arrears of pension after death) omit paragraphs (5) and (6).
  - (5) In regulation 17 (pension commencement lump sums based on pension errors) omit paragraphs (4) and (5).
  - (6) In regulation 18 (pension commencement lump sums paid in error: money purchase arrangements) omit paragraphs (4) and (5).
  - (7) In regulation 19 (pension commencement lump sums paid after death) omit paragraphs (2) and (3).
  - (8) In regulation 20 (part refund payments relating to short service), in paragraph (1) for sub-paragraph (b) substitute—
    - "(b) the member has not previously become entitled to any pension or lump sum under the pension scheme;"

**PART 3**

NON-UK SCHEMES

*Amendments of Part 4 of FA 2004*

- 43 Part 4 of FA 2004 (pension schemes etc) is amended as follows.
- 44 In section 244 (non-UK schemes: application of certain charges), after "under this Part" insert ", and under Part 9 of ITEPA 2003 (pension income)".
- 45 For section 244A (overseas transfer charge) substitute—

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### “244AA Overseas transfer charge: introduction

A charge to income tax, to be known as the overseas transfer charge, arises under the following sections—

- (a) [section 244AC](#) (overseas transfer charge: transfers where no exclusion applies);
- (b) [section 244IA](#) (overseas transfer charge: transfers exceeding available allowance).

### 244AB Overseas transfer charge: interpretation

- (1) In this section and in [sections 244AC](#) to 244N—

“former QROPS” means a scheme that has at any time been a QROPS;

“onward transfer” means (subject to [subsection \(3\)](#)) a transfer of sums or assets held for the purposes of, or representing accrued rights under, an arrangement under a QROPS or a former QROPS in relation to a member so as to become held for the purposes of, or to represent rights under, an arrangement under another QROPS in relation to that person as a member of that other QROPS;

“original transfer”, in relation to an onward transfer, means (subject to [subsection \(3\)](#))—

- (a) the recognised transfer or relieved relevant non-UK scheme transfer in respect of which the following conditions are met—
  - (i) it is from a registered pension scheme or a relieved relevant non-UK scheme to a QROPS,
  - (ii) the sums and assets transferred by the onward transfer directly or indirectly derive from those transferred by it, and
  - (iii) it is more recent than any other recognised transfer or relieved relevant non-UK scheme transfer in respect of which the conditions in sub-paragraphs (i) and (ii) are met, or
- (b) where there is no such recognised transfer or relieved relevant non-UK scheme transfer, the relevant transfer (see paragraph 1(6) of Schedule 34) in respect of which the following conditions are met—
  - (i) it is from a relevant non-UK scheme (see paragraph 1(5) of Schedule 34),
  - (ii) it is a transfer of the whole or part of the UK tax-relieved fund (see paragraph 3 of Schedule 34) of a member of the scheme,
  - (iii) it is to a QROPS, and
  - (iv) the sums and assets transferred by the onward transfer directly or indirectly derive from those transferred by it;

“QROPS” means a qualifying recognised overseas pension scheme;

“recognised transfer” has the meaning given by section 169;

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“the relevant period” means—

- (a) in the case of a recognised transfer or a relieved relevant non-UK scheme transfer made on 6 April in any year, the five years beginning with the date of that transfer,
- (b) in the case of any other recognised transfer or relieved relevant non-UK scheme transfer, the period consisting of the combination of—
  - (i) the period beginning with the date of the transfer and ending immediately before the next 6 April, and
  - (ii) the five years beginning at the end of that initial period,
- (c) in the case of an onward transfer, the period—
  - (i) beginning with the date of the transfer, and
  - (ii) ending at the end of the relevant period for the original transfer (see paragraphs (a) and (b) or, as the case may be, paragraphs (d) and (e)),
- (d) in the case of a relevant transfer that—
  - (i) is made on 6 April in any year, and
  - (ii) is the original transfer for an onward transfer,the five years beginning with the date of the relevant transfer, and
- (e) in the case of a relevant transfer that—
  - (i) is made otherwise than on 6 April in any year, and
  - (ii) is the original transfer for an onward transfer,the period consisting of the combination of: the period beginning with the date of the relevant transfer and ending immediately before the next 6 April; and the five years beginning at the end of that initial period;

“relieved relevant non-UK scheme” means a pension scheme that is a relevant non-UK scheme within the meaning of subparagraph (5) of paragraph 1 of Schedule 34 in respect of which at least one of paragraphs (a) to (c) of that subparagraph applies;

“relieved relevant non-UK scheme transfer” means a transfer, other than a block transfer, of sums or assets held for the purposes of, or representing accrued rights under, an arrangement under a relieved relevant non-UK scheme in relation to a relieved member of the scheme so as to become held for the purposes of, or to represent rights under, an arrangement under a QROPS in relation to that person as a member of that QROPS;

“ring-fenced transfer fund”, in relation to a QROPS or former QROPS, has the meaning given by paragraph 1 of Schedule 34.

- (2) For the purposes of the definition of “relieved relevant non-UK scheme transfer”—

- (a) a transfer is “a block transfer” in relation to a member of a pension scheme if it involves the transfer, in a single transaction, of all the sums and assets held for the purposes of, or representing accrued rights under, the arrangements under the scheme which relate to the member and at least one other member of the scheme;

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(b) an individual is “a relieved member” of a relieved relevant non-UK scheme if—

(i) any of the contributions in respect of which relief has been given as mentioned in paragraph (a) or (b) of the definition of “relevant non-UK scheme” in paragraph 1(5) of Schedule 34 were contributions paid by or on behalf of, or in respect of, the individual, or

(ii) the individual is the member, or one of the members, who has been exempt from liability to tax as mentioned in paragraph (c) of that definition.

(3) Where, apart from this subsection, there would be different original transfers for different parts of an onward transfer, each such part of the onward transfer is to be treated as a separate onward transfer for the purposes of this section and [sections 244AC](#) to 244N.

#### **244AC Overseas transfer charge: transfers where no exclusion applies**

(1) The overseas transfer charge arises where—

- (a) a transfer within [subsection \(2\)](#) is made to a QROPS, and
- (b) the transfer is not excluded from the charge by or under any of [sections 244B](#) to [244H](#).

(2) A transfer to a QROPS is within this subsection if it is—

- (a) a recognised transfer,
- (b) a relieved relevant non-UK scheme transfer, or
- (c) an onward transfer that is made during the relevant period for the original transfer.

(3) [Sections 244B](#) to [244H](#) are subject to [section 244I](#) (circumstances in which exclusions do not apply).”

46 (1) [Section 244B](#) (exclusion: member and receiving scheme in same country) is amended as follows.

(2) In subsection (1)—

- (a) in the words before paragraph (a)—
  - (i) after “recognised transfer to a QROPS” insert “or a relieved relevant non-UK scheme transfer”;
  - (ii) after “overseas transfer charge” insert “under [section 244AC](#)”;
- (b) in paragraph (a), after “the QROPS” insert “to which the transfer is made”;
- (c) in paragraph (b), in sub-paragraph (i), after “recognised transfer” insert “or relieved relevant non-UK scheme transfer”.

(3) In subsection (3), in the words before paragraph (a), after “overseas transfer charge” insert “under [section 244AC](#)”.

47 (1) [Section 244C](#) (exclusion: receiving scheme in EEA state or Gibraltar, and member resident in UK or EEA state) is amended as follows.

(2) In subsection (2)—

- (a) in the words before paragraph (a)—

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- (i) after “recognised transfer” insert “or a relieved relevant non-UK scheme transfer”;
    - (ii) after “overseas transfer charge” insert “under [section 244AC](#)”.
  - (b) in paragraph (b), in sub-paragraph (i), after “recognised transfer” insert “or relieved relevant non-UK scheme transfer”.
- (3) In subsection (3), in the words before paragraph (a), after “recognised transfer” insert “or relieved relevant non-UK scheme transfer”.
- (4) In subsection (4), in the words before paragraph (a), after “overseas transfer charge” insert “under [section 244AC](#)”.
- 48 In section 244D (exclusion: receiving scheme is an occupational pension scheme), in the words before paragraph (a), after “overseas transfer charge” insert “under [section 244AC](#)”.
- 49 In section 244E (exclusion: receiving scheme set up by international organisation), in subsection (1), in the words before paragraph (a), after “overseas transfer charge” insert “under [section 244AC](#)”.
- 50 In section 244F (exclusion: receiving scheme is an overseas public service scheme), in subsection (1), in the words before paragraph (a), after “overseas transfer charge” insert “under [section 244AC](#)”.
- 51 (1) Section 244G (exclusions: avoidance of double charge, and transitional protections) is amended as follows.
- (2) In subsection (2), in the words before paragraph (a), after “overseas transfer charge” insert “under [section 244AC](#)”.
- (3) In subsection (3), after “overseas transfer charge” insert “under [section 244AC](#)”.
- (4) After subsection (4) insert—
- “(5) An onward transfer is excluded from the overseas transfer charge under [section 244AC](#) where—
- (a) the overseas transfer charge under [section 244IA\(1\)](#) arose in relation to the original transfer, and
  - (b) none of the member’s overseas transfer allowance was available on the making of the original transfer.”
- 52 In section 244H (power to provide for further exclusions)—
- (a) for “or an onward transfer,” substitute “a relieved relevant non-UK scheme transfer or an onward transfer”;
  - (b) after “overseas transfer charge” insert “under [section 244AC](#)”.
- 53 In section 244I (circumstances in which exclusions do not apply), in subsection (1)—
- (a) for “or an onward transfer,” substitute “a relieved relevant non-UK scheme transfer or an onward transfer”;
  - (b) after “overseas transfer charge” insert “under [section 244AC](#)”.
- 54 After section 244I insert—
- “244IA Overseas transfer charge: transfers exceeding available allowance**
- (1) The overseas transfer charge arises where—
- (a) a transfer to a QROPS is made that is—

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- (i) within [section 244AC\(2\)\(a\)](#) or (b), or
    - (ii) an onward transfer within [section 244AC\(2\)\(c\)](#) in relation to which the original transfer is a transfer within paragraph (b) of the definition of “original transfer” (see [section 244AB\(1\)](#)),
  - (b) the transfer is excluded from the charge under [section 244AC](#) by or under any of sections 244B to 244H, and
  - (c) the transferred value (determined in accordance with [section 244K](#)) exceeds the amount of the member’s overseas transfer allowance that is available on the making of the transfer.
- (2) The overseas transfer charge also arises where—
- (a) a transfer of the kind mentioned in [subsection \(1\)\(a\)](#) is made to a QROPS,
  - (b) a charge under [section 244AC](#) (“the original charge”) arises in relation to the transfer,
  - (c) a person liable to the original charge becomes entitled under [section 244M](#) to a repayment in respect of the original charge, and
  - (d) the transferred value (determined in accordance with [section 244K](#)) exceeds the amount of the member’s overseas transfer allowance that is available on the making of the transfer.

#### **244IB Member’s overseas transfer allowance**

A member’s “overseas transfer allowance” is an amount equal to the member’s lump sum and death benefit allowance.

#### **244IC Availability of member’s overseas transfer allowance**

- (1) This section is about the availability of a member’s overseas transfer allowance on the making of a transfer of the kind mentioned in [section 244IA\(1\)\(a\)](#) (“the current overseas transfer”).
- (2) If no transfer of the kind mentioned in [section 244IA\(1\)\(a\)](#) has been made in relation to the member before the current overseas transfer, the whole of the member’s overseas transfer allowance is available.
- (3) Otherwise, the amount of the member’s overseas transfer allowance that is available is—
  - (a) so much of that allowance as is left after deducting the previously-used amount, or
  - (b) if none is left after deducting that amount, nil.
- (4) For this purpose “the previously-used amount” is the aggregate of the transferred value (determined in accordance with [section 244K](#)) of each transfer (if any) of the kind mentioned in [section 244IA\(1\)\(a\)](#) that has been made in relation to the member before the current overseas transfer.
- (5) A reference in this section to a transfer of the kind mentioned in [section 244IA\(1\)\(a\)](#) is to a transfer made on or after 6 April 2024.”

55 (1) Section 244J (persons liable to charge) is amended as follows.

(2) After subsection (1) insert—

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“(1A) In the case of a relieved relevant non-UK scheme transfer, the member is liable to the overseas transfer charge.”

- (3) In subsection (4), in the words before paragraph (a), for “transfer” substitute “recognised transfer to a QROPS or an onward transfer”.

56 After section 244J insert—

**“244JA Amount of charge**

- (1) Where the overseas transfer charge arises under [section 244AC](#) in relation to a transfer, the charge is—

- (a) in a case where the transfer is an onward transfer and the overseas transfer charge under [section 244IA\(1\)](#) arose in relation to the original transfer, 25% of so much of the transferred value of the original transfer as did not exceed the amount of the member’s overseas transfer allowance that was available on the making of the original transfer;
- (b) in any other case, 25% of the transferred value.

- (2) Where the overseas transfer charge arises under [section 244IA](#) in relation to a transfer, the charge is 25% of so much of the transferred value as exceeds the amount of the member’s overseas transfer allowance that is available on the making of the transfer.”

57 (1) Section 244K (amount of charge) is amended as follows.

- (2) For the heading substitute “Meaning of “transferred value””.

- (3) For subsection (1) substitute—

“(1A) The transferred value, in relation to a transfer within [section 244AC\(2\)](#), is to be determined in accordance with this section.”

- (4) In subsection (2), in the words after paragraph (b), for “(5)” substitute “(6)”.

- (5) In subsection (3), in the words after paragraph (b), for “(5)” substitute “(6)”.

- (6) After subsection (3) insert—

“(3A) If the transfer is a transfer from a relieved relevant non-UK scheme, the transferred value is the total of—

- (a) the amount of any sums transferred that are attributable to the member’s UK tax-relieved fund (see paragraph 3 of Schedule 34), and
- (b) the value of any assets transferred that are attributable to that fund, but this is subject to subsections (6) to (9).”

- (7) In subsection (4), in the words after paragraph (b), for “(5)” substitute “(6)”.

- (8) Omit subsections (5) and (10).

58 In section 244M (repayments of charge on subsequent excluding events), in subsection (1), in paragraph (a), for “overseas transfer charge” substitute “the overseas transfer charge under [section 244AC](#)”.



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- 59 (1) Schedule 33 (overseas pension schemes: migrant member relief) is amended as follows.
- (2) In paragraph 4 (meaning of “relevant migrant member”)—
- (a) in sub-paragraph (1)(d), after “events that are” insert “relevant”;
  - (b) after sub-paragraph (3) insert—
 

“(4) In this paragraph “relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).”
- (3) In paragraph 5 (meaning of “qualifying” overseas pension scheme)—
- (a) in sub-paragraph (2), for “events that are benefit crystallisation” substitute “relevant”;
  - (b) for sub-paragraph (2A) substitute—
 

“(2A) In sub-paragraph (2) “relevant events” means—

    - (a) relevant benefit crystallisation events, or
    - (b) occasions that are, or could (depending on their timing) be, occasions on which an individual first flexibly accesses pension rights for the purposes of sections 227B to 227F.”;
  - (c) after sub-paragraph (5) insert—
 

“(6) In this paragraph “relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).”
- 60 (1) Schedule 34 (non-UK schemes: application of certain charges) is amended as follows.
- (2) In paragraph 1 (member payment charges)—
- (a) in sub-paragraph (3), at the end of paragraph (d) insert “and”;
  - (b) in sub-paragraph (3), for paragraphs (da), (db) and (e) substitute—
 

“(e) the charge to tax under Part 9 of ITEPA 2003 (pension income) on pension income to which—

    - (i) any provision of Chapter 15A of that Part of that Act (lump sums under registered pension schemes) applies, or
    - (ii) section 579A of that Act (pension income under registered pension schemes) applies by virtue of any provision of that Chapter.”;
  - (c) in sub-paragraph (4), for paragraph (b) substitute—
 

“(b) [Chapter 15A](#) of Part 9 of ITEPA 2003 (lump sums under registered pension schemes).”
- (3) After paragraph 5 insert—
- “5ZA (1) The provisions of [Chapter 15A](#) of Part 9 of ITEPA 2003 (lump sums under registered pension schemes) do not apply in relation to—
- (a) a serious ill-health lump sum paid to a transfer member of a relevant non-UK scheme, or



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- (b) an authorised lump sum death benefit paid in respect of a transfer member of a relevant non-UK scheme who (at the time of the payment) is under 75.

(2) In this paragraph “authorised lump sum death benefit” means a lump sum death benefit permitted by the lump sum death benefit rule in section 168 of this Act to be paid in respect of a member of a registered pension scheme.”

- (4) Omit paragraphs 13 to 19 (lifetime allowance charge).

#### *Amendments of Chapter 4 of Part 9 of ITEPA 2003*

- 61 (1) In Chapter 4 of Part 9 of ITEPA 2003 (foreign pensions), section 574A (“pension”: relevant lump sums) is amended as follows.

- (2) After subsection (2) insert—

“(2A) A lump sum is not “a relevant lump sum” by virtue of subsection (2) if it is within paragraph [5ZA\(1\)\(a\)](#) or [\(b\)](#) of Schedule 34 to FA 2004 (which specify certain lump sums paid to or in respect of transfer members of relevant non-UK schemes).”

- (3) In subsection (3), in Step 3—

- (a) in paragraph (a) for “section 636B(3)” substitute “[section 637G\(2\)](#)”;
- (b) in paragraph (b), for “all or part of the member’s lifetime allowance is available” substitute “all of the member’s lump sum allowance is available”.

#### *Amendments of the Pension Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006*

- 62 (1) The Pension Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006 ([S.I. 2006/207](#)) are amended as follows.

- (2) In regulation 1(2) (interpretation) omit the definition of “benefit crystallisation event 8”.

- (3) In regulation 3 (computation of a member’s relevant transfer fund)—

- (a) the existing text becomes paragraph (1);
- (b) in sub-paragraph (a) of that paragraph—
  - (i) omit “by virtue of benefit crystallisation event 8”;
  - (ii) after “registered” insert “pension”;
- (c) after that paragraph insert—

“(2) For the purposes of this regulation, the “amount crystallised” on a transfer from a UK registered scheme to a relevant non-UK scheme is the aggregate of the amount of any sums transferred and the market value of any assets transferred.”

- (4) In regulation 3A (computation of a member’s taxable asset transfer fund)—

- (a) in paragraph (1)(a) omit “by virtue of benefit crystallisation event 8”;
- (b) after paragraph (2) insert—

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“(3) For the purposes of this regulation, the “amount crystallised” on a transfer from a UK registered pension scheme to a relevant non-UK scheme is the aggregate of the amount of any sums transferred and the market value of any assets transferred.”

(5) In regulation 4ZB (payment and crystallisation valuation), in paragraph (9), for “paragraph 3(7C) of Schedule 29” substitute “[section 278B](#)”.

(6) In regulation 15 (modification of Schedule 29 (authorised lump sums: definitions etc))—

(a) after paragraph (1) insert—

“(1A) In [paragraph 3C](#) (pension commencement excess lump sum)—

(a) in [sub-paragraph \(1\)](#), after [paragraph \(c\)](#) insert—

“(ca) it is not paid from the relevant transfer fund of a qualifying recognised overseas pension scheme;

(cb) it is not paid from the UK tax-relieved fund of a relevant non-UK scheme.”;

(b) after [sub-paragraph \(4\)](#) insert—

“(5) Expressions used in [sub-paragraph \(1\)\(ca\)](#) and [\(cb\)](#) have the same meaning as in Schedule 34 (non-UK schemes: application of certain charges).”

(1B) In paragraph 4 (serious ill-health lump sum)—

(a) in [sub-paragraph \(1\)\(a\)](#)—

(i) for “scheme administrator” substitute “scheme manager”;

(ii) after “registered medical practitioner” insert “or a recognised medical practitioner”;

(b) at the end insert—

“(4) In [sub-paragraph \(1\)](#) “recognised medical practitioner” means a medical practitioner practising outside the United Kingdom who is authorised, licensed or registered to practise medicine in the country or territory, outside the United Kingdom, in which either the scheme or the member is resident.”

(1C) In paragraph 12A (references to availability of allowances) after [sub-paragraph \(4\)](#) insert—

“(5) [Sub-paragraph \(6\)](#) applies in any case in which it is necessary to determine, for the purposes of—

(a) [paragraph 1](#) (pension commencement lump sum),

(b) [paragraph 7](#) (trivial commutation lump sum),  
or

(c) [paragraph 10](#) (winding-up lump sum),

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whether all or part of a transfer member's lump sum allowance or lump sum and death benefit allowance is available when a lump sum is paid by a recognised overseas pension scheme.

(6) Sections [637Q](#) and [637S](#) of ITEPA 2003 (availability of allowances) have effect as if references in those sections to relevant benefit crystallisation events were only to relevant benefit crystallisation events—

- (a) occurring in relation to the recognised overseas pension scheme, and
- (b) in respect of lump sums referable to the member's relevant transfer fund (within the meaning given by paragraph 4 of Schedule 34 to FA 2004).

(7) In [sub-paragraph \(5\)](#) “transfer member” has the meaning given by paragraph 1(8) of Schedule 34 (non-UK schemes).”

(b) omit paragraphs (2) to (10).

(7) In regulation 17 (modification of Schedule 34 (non-UK schemes: application of certain charges)), in the inserted paragraph 19A (Revenue and Customs discretion)—

- (a) in sub-paragraph (1)—
  - (i) at the end of paragraph (a)(ii) insert “and”;
  - (ii) omit paragraph (c) and the “and” before it;
- (b) in sub-paragraph (3)(b), for “to (c)” substitute “and (b)”;
- (c) in sub-paragraph (4)(b), for “by” the first time it occurs substitute “be”.

(8) For regulation 18 (modification of section 636A(1B) (taxation of uncrystallised funds pension lump sum paid to member who is 75 or over)) substitute—

#### **Modifications of Chapter 15A of ITEPA 2003 in respect of relevant non-UK schemes**

“18 (1) Paragraph (2) applies where an uncrystallised funds pension lump sum is paid to a transfer member of a recognised overseas pension scheme.

(2) In determining the amount of “the permitted maximum” for the purposes of [section 637D](#) of ITEPA 2003 (income tax treatment of uncrystallised funds pension lump sums), sections [637Q](#) and [637S](#) of that Act (availability of allowances) have effect as if references to relevant benefit crystallisation events were only to relevant benefit crystallisation events—

- (a) occurring in relation to the recognised overseas pension scheme, and
- (b) in respect of lump sums referable to the member's relevant transfer fund (within the meaning given by paragraph 4 of Schedule 34 to FA 2004).

(3) In sub-paragraph (1) “transfer member” has the meaning given by paragraph 1(8) of Schedule 34 to FA 2004 (non-UK schemes).”

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## PART 4

### TRANSITIONAL PROTECTIONS

#### *Amendments of Schedule 29 to FA 2004*

- 63 (1) In Schedule 29 to FA 2004 (registered pension schemes: authorised lump sums: supplementary), paragraph 4A (uncrystallised funds pension lump sum) is amended as follows.
- (2) In sub-paragraph (1)—
- (a) at the end of paragraph (e) insert “and”;
  - (b) omit the “and” at the end of paragraph (f);
  - (c) omit paragraph (g).
- (3) Omit sub-paragraphs (3) to (6).
- (4) At the end insert—
- “(8) For further provision about circumstances in which a lump sum is not an uncrystallised funds pension lump sum, see the following provisions of Part 2 of Schedule 36 (transitional provision and saving: pre-commencement rights: enhancement of allowances)—
- (a) [paragraph 7\(8\)](#) (enhancement of allowances: primary protection);
  - (b) [paragraph 12\(3H\)](#) (enhancement of allowances: enhanced protection);
  - (c) [paragraph 18\(7\)](#) (enhancement of allowances: pre-commencement pension credits);
  - (d) [paragraph 20A\(8\)](#) (pension credits from previously crystallised rights);
  - (e) [paragraph 20B\(8\)](#) (individuals who are not always relevant UK individuals);
  - (f) [paragraph 20E\(9\)](#) (transfers from recognised overseas pension schemes).”

#### *Amendments of Schedule 34 to FA 2004*

- 64 (1) Schedule 34 to FA 2004 (non-UK schemes: application of certain charges) is amended as follows.
- (2) In the heading, at the end insert “and protections etc”.
- (3) After paragraph 12 (application of annual allowance provisions) insert—

#### *“Enhancement of allowances*

- 12A (1) The provisions of Schedule 36 relating to the enhancement of an individual’s lump sum allowance and lump sum and death benefit allowance (“the enhancement of allowances provisions”) apply in relation to an individual who is a relieved member of a relieved non-UK pension scheme as if the relieved non-UK pension scheme were a registered pension scheme.
- (2) A pension scheme is a relieved non-UK pension scheme if—

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- (a) relief from tax has been given in respect of contributions paid under the pension scheme by virtue of Schedule 33 (overseas pension schemes: migrant member relief),
  - (b) relief from tax has been so given at any time after 5th April 2006 under double tax arrangements, or
  - (c) a member of the pension scheme has been, or members of the pension scheme have been, exempt from liability to tax by virtue of section 307 of ITEPA 2003 (exemption for provision made by employer for retirement or death benefit) in respect of provision made under the pension scheme at any time after 5th April 2006 when the pension scheme was an overseas pension scheme.
- (3) An individual is a relieved member of a relieved non-UK pension scheme if—
  - (a) any of the contributions in respect of which relief has been given as mentioned in [sub-paragraph \(2\)\(a\)](#) or [\(b\)](#) were contributions paid by or on behalf of, or in respect of, the individual, or
  - (b) the individual is the member, or one of the members, who has been exempt from liability to tax as mentioned in [sub-paragraph \(2\)\(c\)](#).”

*Amendments of Part 2 of Schedule 36 to FA 2004*

- 65 Part 2 of Schedule 36 to FA 2004 (transitional provision and saving: pre-commencement rights: lifetime allowance charge) is amended as follows.
- 66 In the heading, for “lifetime allowance charge” substitute “enhancement of allowances etc”.
- 67 Before paragraph 7 and the italic heading before it insert—

*“Enhancement of lump sum allowance and lump sum and death benefit allowance*

- 6A (1) [Sub-paragraph \(2\)](#) applies, in relation to a relevant benefit crystallisation event occurring in relation to an individual, other than the individual becoming entitled to a pension commencement lump sum or an uncrystallised funds pension lump sum, where one or more lump sum and death benefit allowance enhancement factors operate in relation to the relevant benefit crystallisation event.
- (2) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual as if the amount specified in [section 637R](#) of that Act (individual’s lump sum and death benefit allowance) were an amount equal to—

$$A + (A \times B)$$

where—

A is—

- (a) in the case of an individual in relation to whom a relevant protection provision applies (see [sub-paragraph \(3\)](#)), the individual’s protected lump sum and death benefit allowance (see [sub-paragraph \(4\)](#));

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(b) in any other case, £1,073,100;

B is the aggregate of the lump sum and death benefit allowance enhancement factors that operate in relation to the relevant benefit crystallisation event.

- (3) The following provisions are “relevant protection provisions”—
- (a) [paragraph 7](#) of this Schedule (primary protection);
  - (b) paragraph 14 of Schedule 18 to FA 2011 (fixed protection);
  - (c) paragraph 1 of Schedule 22 to FA 2013 (“fixed protection 2014”);
  - (d) paragraph 1 of Schedule 6 to FA 2014 (“individual protection 2014”);
  - (e) paragraph 1 of Schedule 4 to FA 2016 (“fixed protection 2016”);
  - (f) paragraph 9 of that Schedule (“individual protection 2016”).
- (4) In the case of an individual in relation to whom a relevant protection provision applies, the individual’s “protected lump sum and death benefit allowance” is the amount treated as specified in [section 637R](#) of ITEPA 2003 in relation to the individual by virtue of the relevant protection provision.
- (5) The following paragraphs make provision for the operation of lump sum and death benefit enhancement factors—
- [paragraphs 7](#) to 11A (primary protection);
  - [paragraph 18](#) (pre-commencement pension credits);
  - [paragraph 20A](#) (pension credits from previously crystallised rights);
  - [paragraphs 20B](#) to 20D (individuals who are not always relevant UK individuals);
  - [paragraphs 20E](#) to 20G (transfers from recognised overseas pension schemes).
- (6) [Paragraphs 7](#) and 18 also make provision enhancing the amount of an individual’s lump sum allowance.
- (7) In this paragraph “relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).”

68

For paragraph 7 (primary protection) substitute—

- “7 (1) This paragraph applies in the case of an individual where—
- (a) the amount of the relevant pre-commencement pension rights of the individual exceeds £1,500,000, and
  - (b) notice of intention to rely on this paragraph is given to His Majesty’s Revenue and Customs in accordance with regulations made by the Commissioners for His Majesty’s Revenue and Customs.
- (2) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect—
- (a) in relation to a relevant benefit crystallisation event within the meaning of [section 637Q](#) of ITEPA 2003 (availability of

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individual's lump sum allowance) occurring in relation to the individual, as if the amount specified in [section 637P](#) of ITEPA 2003 (individual's lump sum allowance) were £375,000;

- (b) in relation to a relevant benefit crystallisation event within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual's lump sum and death benefit allowance) occurring in relation to the individual, as if the amount specified in [section 637R](#) of ITEPA 2003 (individual's lump sum and death benefit allowance) were £1,800,000.

- (3) A lump sum and death benefit allowance enhancement factor operates in relation to the relevant benefit crystallisation event mentioned in [paragraph 6A\(1\)](#).

- (4) The lump sum and death benefit allowance enhancement factor is the primary protection factor.

- (5) The primary protection factor is—

$$\frac{RR - £1,500,000}{£1,500,000}$$

where RR is the amount of the relevant pre-commencement pension rights of the individual (see [sub-paragraph \(6\)](#)).

- (6) The amount of the relevant pre-commencement rights of the individual is the aggregate of—

- (a) the value of the individual's relevant uncrystallised pension rights on 5th April 2006 (calculated in accordance with paragraphs 8 and 9), and
- (b) the value of the individual's relevant crystallised pension rights on that date (calculated in accordance with paragraph 10).

- (7) [Sub-paragraph \(5\)](#) is subject to paragraph 11 (pension debit on or after 6th April 2006) and paragraph 11A (pension debit on or after 6th April 2006: lump sum death benefits).

- (8) Where this paragraph applies in the case of an individual, for the purposes of this Part a lump sum is not an uncrystallised funds pension lump sum (see paragraph 4A of Schedule 29) if—

- (a) the lump sum condition (see paragraphs 24(2) and (3), 25 and 26 of this Schedule) is met in relation to the individual, or
- (b) immediately before the lump sum is paid, the amount given by the formula in [sub-paragraph \(9\)](#) is less than 25% of the lump sum.

- (9) The formula is—

$$\frac{£1,800,000 - A}{4}$$

where A is the amount that would be the previously-used amount within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual's lump sum and death benefit allowance) if a relevant benefit crystallisation event within the meaning of that section had occurred immediately before the lump sum is paid.”



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- 69 (1) Paragraph 11 (primary protection: pension debit on or after 6th April 2006) is amended as follows.
- (2) In sub-paragraph (1)(a), for “makes provision for the operation of a lifetime allowance enhancement factor” substitute “applies”.
- (3) In sub-paragraphs (2) and (3), for “paragraph 7(3)” substitute “[paragraph 7\(5\)](#)”.
- (4) In sub-paragraph (4), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- (5) After that sub-paragraph insert—
- “(5) In this paragraph “relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).”
- 70 (1) Paragraph 11A (primary protection: pension debit on or after 6th April 2006: lump sum death benefits) is amended as follows.
- (2) In sub-paragraph (1)(a), for “makes provision for the operation of a lifetime allowance enhancement factor” substitute “applies”.
- (3) In paragraphs (a) and (b) of sub-paragraph (4), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- (4) After that sub-paragraph insert—
- “(5) In this paragraph “relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).”
- 71 (1) Paragraph 12 (enhanced protection) is amended as follows.
- (2) For sub-paragraph (3) substitute—
- “(3A) Where this paragraph applies in the case of an individual, [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) and Part 4 of FA 2004 (pensions etc) have effect in relation to the individual with the modifications in [sub-paragraphs \(3B\)](#) to [\(3F\)](#).
- (3B) For the purposes of determining the income tax treatment of a lump sum or a lump sum death benefit—
- (a) [section 637C](#) of that Act (serious ill-health lump sums) has effect as if, in [subsection \(3\)](#) of that section (which defines the permitted maximum), for the words from “so much of” to the end there were substituted “the maximum amount of a serious ill-health lump sum that could have been paid to the individual on 5 April 2024 under the arrangement pursuant to which the individual becomes entitled to the serious ill-health lump sum”;
- (b) [section 637D](#) of that Act (uncrystallised funds pension lump sums) has effect as if—
- (i) in [subsection \(3\)](#) of that section (which defines the permitted maximum), for [paragraph \(b\)](#) there were substituted—



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- “(b) the maximum amount of an uncrystallised funds pension lump sum that could have been paid to the individual with no liability to income tax on 5 April 2024 under the arrangement pursuant to which the entitlement to the uncrystallised funds pension lump sum arises in respect of the individual.”;
  - (ii) after that subsection there were inserted—
    - “(4) But in a case where the individual has previously become entitled to a serious ill-health lump sum—
      - (a) [subsection \(3\)](#) does not apply, and
      - (b) in [subsection \(2\)](#) “the permitted maximum”, in relation to an uncrystallised funds pension lump sum paid to the member, is nil.”;
- (c) [section 637H](#) of that Act (defined benefits lump sum death benefits) has effect as if, in [subsection \(7\)](#) of that section, in the definition of “the permitted maximum”, for the words from “so much of” to the end there were substituted “—
  - (a) the maximum amount of a defined benefits lump sum death benefit that could have been paid in respect of the individual on 5 April 2024 under the arrangement pursuant to which the entitlement to the defined benefits lump sum death benefit arises in respect of the individual, less
  - (b) the aggregate of the non-taxable amounts within the meaning given by [section 637S\(6\)](#) of each authorised lump sum death benefit (if any) previously paid in respect of the individual under that arrangement after that date;or, if that produces a negative result, nil.”;
- (d) [section 637I](#) of that Act (pension protection lump sum death benefits) has effect as if, in [subsection \(5\)](#) of that section, in the definition of “the permitted maximum”, for the words from “so much of” to the end there were substituted “—
  - (a) the maximum amount of a pension protection lump sum death benefit that could have been paid in respect of the individual on 5 April 2024 under the arrangement pursuant to which the entitlement to the pension protection lump sum death benefit arises in respect of the individual, less
  - (b) the aggregate of the non-taxable amounts within the meaning given by [section 637S\(6\)](#) of each authorised lump sum death benefit (if any)

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previously paid in respect of the individual under that arrangement after that date;

or, if that produces a negative result, nil.”;

- (e) [section 637J](#) of that Act (uncrystallised funds lump sum death benefits) has effect as if, in [subsection \(7\)](#), in the definition of “the permitted maximum”, for the words from “so much of” to the end there were substituted “—

- (a) the maximum amount of an uncrystallised funds lump sum death benefit that could have been paid in respect of the individual on 5 April 2024 under the arrangement pursuant to which the entitlement to the uncrystallised funds lump sum death benefit arises in respect of the individual, less
- (b) the aggregate of the non-taxable amounts within the meaning given by [section 637S\(6\)](#) of each authorised lump sum death benefit (if any) previously paid in respect of the individual under that arrangement after that date;

or, if that produces a negative result, nil.”;

- (f) [section 637K](#) of that Act (annuity protection lump sum death benefits) has effect as if, in [subsection \(5\)](#), in the definition of “the permitted maximum”, for the words from “so much of” to the end there were substituted “—

- (a) the maximum amount of an annuity protection lump sum death benefit that could have been paid in respect of the individual on 5 April 2024 under the arrangement pursuant to which the entitlement to the annuity protection lump sum death benefit arises in respect of the individual, less
- (b) the aggregate of the non-taxable amounts within the meaning given by [section 637S\(6\)](#) of each authorised lump sum death benefit (if any) previously paid in respect of the individual under that arrangement after that date;

or, if that produces a negative result, nil.”;

- (g) [section 637L](#) of that Act (drawdown pension fund lump sum death benefits) has effect as if, in [subsection \(8\)](#), in the definition of “the permitted maximum”, for the words from “so much of” to the end there were substituted “—

- (a) the maximum amount of a drawdown pension fund lump sum death benefit that could have been paid in respect of the individual on 5 April 2024 under the arrangement pursuant to which the entitlement to the drawdown pension fund lump sum death benefit arises in respect of the individual, less

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- (b) the aggregate of the non-taxable amounts within the meaning given by [section 637S\(6\)](#) of each authorised lump sum death benefit (if any) previously paid in respect of the individual under that arrangement after that date;

or, if that produces a negative result, nil.”;

- (h) [section 637M](#) of that Act (flexi-access drawdown lump sum death benefits) has effect as if, in [subsection \(8\)](#), in the definition of “the permitted maximum”, for the words from “so much of” to the end there were substituted “—

- (a) the maximum amount of a flexi-access drawdown lump sum death benefit that could have been paid in respect of the individual on 5 April 2024 under the arrangement pursuant to which the entitlement to the flexi-access drawdown lump sum death benefit arises in respect of the individual, less

- (b) the aggregate of the non-taxable amounts within the meaning given by [section 637S\(6\)](#) of each authorised lump sum death benefit (if any) previously paid in respect of the individual under that arrangement after that date;

or, if that produces a negative result, nil.”;

- (i) Schedule 29 to FA 2004 (pension commencement lump sum: definition of “permitted maximum”) has effect as if—

- (i) in [paragraph 2](#), sub-paragraph (c) were omitted;

- (ii) after [paragraph 2](#) there were inserted—

“2ZA In the case of an individual who has previously become entitled to a serious ill-health lump sum—

- (a) [paragraph 2](#) does not apply, and
- (b) in paragraph 1 “the permitted maximum”, in relation to a lump sum, is nil.”

(3C) For the purposes of the modifications made by [sub-paragraph \(3B\)](#), the maximum amount of a serious ill-health lump sum or a lump sum death benefit that could have been paid in respect of an individual on 5 April 2024 under an arrangement that is a defined benefits arrangement is an amount equal to the appropriate limit, determined under [paragraph 15\(4\)](#), in relation to payment of the serious ill-health lump sum or the lump sum death benefit.

(3D) For the purposes of the modifications made by [sub-paragraph \(3B\)](#) “authorised lump sum death benefit” means a lump sum death benefit authorised to be paid by the lump sum death benefit rule.

(3E) [Section 637P](#) of ITEPA 2003 (individual’s lump sum allowance) applies as if the amount specified in that section were £375,000.

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- (3F) [Section 637R](#) of ITEPA 2003 (individual’s lump sum and death benefit allowance) applies as if the amount specified in that section were an amount equal to the value of the individual’s uncrystallised pension rights on 5 April 2024.
- (3G) The Commissioners for His Majesty’s Revenue and Customs may by regulations make provision about how the value of the individual’s uncrystallised pension rights on 5 April 2024 is to be determined for the purposes of [sub-paragraph \(3F\)](#).
- (3H) Where this paragraph applies in the case of an individual, for the purposes of this Part a lump sum is not an uncrystallised funds pension lump sum (see paragraph 4A of Schedule 29) if the lump sum condition (see paragraphs 24(2) and (3), 25 and 26 of this Schedule) is met in relation to the individual.”
- 72 In paragraph 13 (enhanced protection: relevant benefit accrual), in sub-paragraph (b), for “a benefit crystallisation event or” substitute “the individual becomes entitled to any pension or lump sum or a”.
- 73 (1) Paragraph 15 (enhanced protection: relevant benefit accrual: interpretation) is amended as follows.
- (2) In sub-paragraph (2), in the words before paragraph (a)—
- (a) after “relevant event is a” insert “relevant”;
- (b) omit “which is not a benefit crystallisation event”.
- (3) After sub-paragraph (2) insert—
- “(2A) In sub-paragraph (2) “relevant permitted transfer” means a permitted transfer that is not a transfer of sums or assets held for the purposes of, or representing accrued rights under, any of the relevant pension schemes so as to become held for the purposes of, or to represent rights under, a qualifying recognised overseas pension scheme in connection with the individual’s membership of that pension scheme.”
- 74 In paragraph 16 (post-commencement earnings limit), in subsection (3), for the words from “7.5%” to the end substitute “£135,000.”
- 75 For paragraph 18 (pre-commencement pension credits) substitute—
- “18 (1) This paragraph applies in the case of an individual where—
- (a) before 6th April 2006, the individual has acquired rights under a pension scheme within paragraph 1(1) by virtue of having become entitled to a pension credit,
- (b) notice of intention to rely on this paragraph is given to His Majesty’s Revenue and Customs in accordance with regulations made by the Commissioners for His Majesty’s Revenue and Customs, and
- (c) [paragraph 7](#) (primary protection) does not apply in relation to the individual.
- (2) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect, in relation to a relevant benefit crystallisation event within the meaning of [section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance) occurring in relation

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to the individual, as if the amount specified in [section 637P](#) of ITEPA 2003 (individual's lump sum allowance) were the lower of—

- (a) an amount equal to £268,275 increased by the pre-commencement pension credit factor calculated under [sub-paragraph \(5\)](#), and
  - (b) £375,000.
- (3) A lump sum and death benefit allowance enhancement factor operates in relation to the relevant benefit crystallisation event mentioned in [paragraph 6A\(1\)](#).
- (4) The lump sum and death benefit allowance enhancement factor is the pre-commencement pension credit factor calculated under [sub-paragraph \(5\)](#).
- (5) The pre-commencement pension credit factor is—

$$\frac{A}{£ 1,500,000}$$

where A is the amount which is the appropriate amount for the purposes of section 29(1) of WRP A 1999 or Article 26(1) of WRP(NI)O 1999 in relation to the pension credit, as increased by the percentage specified in [sub-paragraph \(6\)](#).

- (6) The percentage is the percentage by which the retail prices index for April 2006 is greater than that for the month in which the rights were acquired.
- (7) Where this paragraph applies in the case of an individual, for the purposes of this Part a lump sum is not an uncrystallised funds pension lump sum (see paragraph 4A of Schedule 29) if, immediately before the lump sum is paid, the amount given by the formula in [sub-paragraph \(8\)](#) is less than 25% of the lump sum.

- (8) The formula is—

$$\frac{A - B}{4}$$

where—

A is—

- (a) in the case of an individual in relation to whom a relevant protection provision applies, the individual's protected lump sum and death benefit allowance (see [paragraph 6A\(4\)](#));
- (b) in any other case, £1,073,100;

B is the amount that would be the previously-used amount within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual's lump sum and death benefit allowance) if a relevant benefit crystallisation event within the meaning of that section had occurred immediately before the lump sum is paid.”

- 76 (1) Paragraph 19 (individuals permitted to take pension before normal minimum pension age) is amended as follows.

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- (2) In sub-paragraph (1), in the words before paragraph (a), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- (3) After that paragraph insert—
- “(1A) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual with the modifications in [sub-paragraphs \(1B\)](#) and [\(2\)](#).
- (1B) Where the relevant benefit crystallisation event is the individual becoming entitled to a pension commencement lump sum, [section 637P](#) of ITEPA 2003 (individual’s lump sum allowance) applies as if the amount specified in that section were £268,275 reduced by the relevant percentage (see sub-paragraph (4)).”
- (4) For sub-paragraph (2) substitute—
- “(2) Where the event is a relevant benefit crystallisation event, [section 637R](#) of ITEPA 2003 (individual’s lump sum and death benefit allowance) applies as if the amount specified in that section were the amount determined under [sub-paragraph \(2A\)](#) reduced by the relevant percentage (see sub-paragraph (4)).
- (2A) That amount is—
- (a) £1,073,100, or
- (b) in a case where, disregarding [sub-paragraph \(2\)](#), [section 637R](#) of ITEPA 2003 (individual’s lump sum and death benefit allowance) would apply in relation to the individual as if it specified any other amount, that amount.”
- (5) In sub-paragraphs (3) and (4), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- (6) Omit sub-paragraphs (5) and (6).
- (7) At the end insert—
- “(7) In this paragraph “relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).”
- 77 (1) Paragraph 20 (pre-commencement pensions) is amended as follows.
- (2) In sub-paragraph (1)—
- (a) the words from “has an actual (rather than a prospective) right” to the end become paragraph (a);
- (b) after that paragraph insert “, and
- (b) during the period beginning on 5th April 2006 and ending on 5th April 2024, no benefit crystallisation event within the meaning of section 216 as that provision had effect at the end of that period has occurred in relation to the individual.”
- (3) After sub-paragraph (1) insert—
- “(1A) [Section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance) applies as if, immediately before the first relevant benefit

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crystallisation event occurring in relation to the individual on or after 6th April 2024—

- (a) a relevant benefit crystallisation event within the meaning of that section had occurred in relation to the individual, and
- (b) the amount of the lump sum to which the relevant benefit crystallisation event relates was an amount equal to 25% of the value of the individual's pre-commencement pension rights immediately before the relevant benefit crystallisation event."

(4) In sub-paragraph (2)—

- (a) in the words before paragraph (a)—
  - (i) for "Section 219 (availability of individual's lifetime allowance)" substitute "[Section 637S](#) of ITEPA 2003 (availability of individual's lump sum and death benefit allowance)";
  - (ii) for "benefit crystallisation event" substitute "relevant benefit crystallisation event";
- (b) in paragraph (a), for "benefit crystallisation event" substitute "relevant benefit crystallisation event within the meaning of that section";
- (c) in paragraph (b)—
  - (i) for "amount crystallised was" substitute "amount of the lump sum or lump sum death benefit to which the relevant benefit crystallisation event relates was 25% of";
  - (ii) for "benefit crystallisation event" substitute "relevant benefit crystallisation event".

78 After paragraph 20 insert—

*"Pension credits from previously crystallised rights*

20A (1) This paragraph applies in relation to a relevant benefit crystallisation event occurring in relation to an individual where—

- (a) the individual has (at any time after 5th April 2006 but before 6th April 2024) acquired rights under a registered pension scheme by reason of having become entitled to a pension credit,
- (b) the pension credit derived from the same or another registered pension scheme,
- (c) the rights under the registered pension scheme which became subject to the corresponding pension debit consisted of, or included, rights to a post-commencement pension in payment, and
- (d) notice of intention to rely on this paragraph is given to His Majesty's Revenue and Customs in accordance with regulations made by the Commissioners for His Majesty's Revenue and Customs.

(2) "Post-commencement pension in payment" means a pension to which a person became entitled on or after 6th April 2006.

(3) A lump sum and death benefit allowance enhancement factor operates in relation to the relevant benefit crystallisation event mentioned in [paragraph 6A\(1\)](#).



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(4) The lump sum and death benefit allowance enhancement factor is the pension credit factor.

(5) The pension credit factor is—

$$\frac{A}{£ 1,000,000}$$

where A is the post-commencement pension in payment portion of the amount which is the appropriate amount for the purposes of section 29(1) of WRP(A 1999 or Article 26(1) of WRP(NI)O 1999 in relation to the pension credit.

(6) The post-commencement pension in payment portion of the appropriate amount referred to in the definition of A—

- (a) in a case where the appropriate amount is arrived at under section 29(2) or (3)(b) of WRP(A 1999 or Article 26(2) or (3)(b) of WRP(NI)O 1999, is so much of that amount as is attributable to rights to a post-commencement pension in payment;
- (b) in a case where the appropriate amount is arrived at under section 29(3)(a) of WRP(A 1999 or Article 26(3)(a) of WRP(NI)O 1999, is so much of that amount as is just and reasonable.

(7) In this paragraph and in [paragraphs 20B to 20G](#), “relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).

(8) Where this paragraph applies, for the purposes of this Part a lump sum is not an uncrystallised funds pension lump sum (see paragraph 4A of Schedule 29) if, immediately before the lump sum is paid, the amount given by the formula in [sub-paragraph \(9\)](#) is less than 25% of the lump sum.

(9) The formula is—

$$\frac{A - B}{4}$$

where—

A is—

- (a) in the case of an individual in relation to whom a relevant protection provision applies, the individual’s protected lump sum and death benefit allowance (see [paragraph 6A\(4\)](#));
- (b) in any other case, £1,073,100;

B is the amount that would be the previously-used amount within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance) if a relevant benefit crystallisation event within the meaning of that section had occurred immediately before the lump sum is paid.



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*Non-residence: general*

- 20B (1) This paragraph applies in relation to a relevant benefit crystallisation event occurring in relation to an individual where—
- (a) during any part of the period that is the active membership period in relation to an arrangement relating to the individual under a registered pension scheme, the individual is a relevant overseas individual, and
  - (b) notice of intention to rely on this paragraph is given to His Majesty’s Revenue and Customs in accordance with regulations made by the Commissioners for His Majesty’s Revenue and Customs.
- (2) A lump sum and death benefit allowance enhancement factor operates in relation to the relevant benefit crystallisation event mentioned in [paragraph 6A\(1\)](#).
- (3) [Paragraph 20C](#) provides the lump sum and death benefit allowance enhancement factor in the case of an arrangement that is a money purchase arrangement.
- (4) [Paragraph 20D](#) provides the lump sum and death benefit allowance enhancement factor in the case of any other arrangement.
- (5) For the purposes of this Part an individual is a relevant overseas individual at any time if, at that time, the individual either is not a relevant UK individual or—
- (a) is a relevant UK individual by virtue only of paragraph (c) of section 189(1) (individuals resident in UK at some time in previous five tax years), and
  - (b) is not employed by a person resident in the United Kingdom.
- (6) In this paragraph and in [paragraphs 20C](#) and [20D](#) “the active membership period”, in relation to an arrangement relating to the individual, is the period—
- (a) beginning with the date on which the benefits first began to accrue to or in respect of the individual under the arrangement or, if later, 6th April 2006, and
  - (b) ending on 5th April 2024.
- (7) But if benefits ceased to accrue to or in respect of the individual under the arrangement at a time before 5th April 2024, the active membership period is to be treated as having ended at that time.
- (8) Where this paragraph applies, for the purposes of this Part a lump sum is not an uncrystallised funds pension lump sum (see paragraph 4A of Schedule 29) if, immediately before the lump sum is paid, the amount given by the formula in [sub-paragraph \(9\)](#) is less than 25% of the lump sum.
- (9) The formula is—
- $$\frac{A - B}{4}$$

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where—

A is—

- (a) in the case of an individual in relation to whom a relevant protection provision applies, the individual's protected lump sum and death benefit allowance (see [paragraph 6A\(4\)](#));
- (b) in any other case, £1,073,100;

B is the amount that would be the previously-used amount within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual's lump sum and death benefit allowance) if a relevant benefit crystallisation event within the meaning of that section had occurred immediately before the lump sum is paid.

*Non-residence: money purchase arrangements*

20C (1) This paragraph applies in the case of an arrangement that is a money purchase arrangement.

(2) The lump sum and death benefit allowance enhancement factor is—

- (a) if the arrangement is a cash balance arrangement, the cash balance arrangement non-residence factor (see [sub-paragraphs \(3\) to \(5\)](#)), and
- (b) in any other case, the other money purchase arrangement non-residence factor (see [sub-paragraphs \(6\) and \(7\)](#)).

(3) The cash balance arrangement non-residence factor is—

- (a) the factor arrived at by the application of [sub-paragraph \(4\)](#) in relation to the part of the active membership period during which the individual was a relevant overseas individual, or
- (b) if there have been two or more parts of that period during which the individual was a relevant overseas individual, the aggregate of the factors arrived at by the application of [sub-paragraph \(4\)](#) in relation to each of those parts of that period.

(4) The factor arrived at by the application of this subsection in relation to any part of the active membership period is—

$$\frac{A - B}{£ 1,000,000}$$

where—

A is the closing value of the individual's rights under the arrangement;

B is the opening value of the individual's rights under the arrangement.

(5) For the purposes of [sub-paragraph \(4\)](#)—

- (a) the closing value of the individual's rights under the arrangement is the amount which would, on the valuation assumptions (see [section 277](#)), be available for the provision of benefits to or in respect of the individual under the arrangement if the individual

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became entitled to the benefits at the end of that part of that period, and

- (b) the opening value of the individual's rights under the arrangement is the amount which would, on the valuation assumptions, be available for the provision of benefits to or in respect of the individual under the arrangement if the individual became entitled to the benefits at the beginning of that part of that period.

(6) The other money purchase arrangement non-residence factor is—

- (a) the factor arrived at by the application of [sub-paragraph \(7\)](#) in relation to the part of the active membership period during which the individual was a relevant overseas individual, or
- (b) if there have been two or more parts of that period during which the individual was a relevant overseas individual, the aggregate of the factors arrived at by the application of [sub-paragraph \(7\)](#) in relation to each of those parts of that period.

(7) The factor arrived at by the application of this sub-paragraph in relation to any part of the active membership period is—

C

£ 1,000,000

where C is the amount of the contributions made under the arrangement by or in respect of the individual in any part of the active membership period during which the individual is a relevant overseas individual.

#### *Non-residence: other arrangements*

20D (1) This paragraph applies in the case of an arrangement that is not a money purchase arrangement.

(2) The lump sum and death benefit allowance enhancement factor is—

- (a) if the arrangement is a defined benefits arrangement, the defined benefits arrangement non-residence factor (see [sub-paragraphs \(3\) and \(4\)](#)), and
- (b) if the arrangement is a hybrid arrangement, the hybrid arrangement non-residence factor (see [sub-paragraphs \(5\) to \(7\)](#)).

(3) The defined benefits arrangement non-residence factor is—

- (a) the factor arrived at by the application of [sub-paragraph \(4\)](#) in relation to the part of the active membership period during which the individual was a relevant overseas individual, or
- (b) if there have been two or more parts of that period during which the individual was a relevant overseas individual, the aggregate of the factors arrived at by the application of [sub-paragraph \(4\)](#) in relation to each of those parts of that period.

(4) The factor arrived at by the application of this sub-paragraph in relation to any part of the active membership period is—

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$$\frac{(A \times B + C) - (A \times D + E)}{\pounds 1,000,000}$$

where—

A is the relevant valuation factor (see section 276);

B is the amount of the annual rate of the pension which would, on the valuation assumptions (see section 277), be payable to the individual under the arrangement if the individual became entitled to payment of it at the end of that part of that period;

C is the amount of the lump sum to which the individual would, on the valuation assumptions, be entitled under the arrangement t (otherwise than by commutation of pension) if the individual became entitled to payment of it at the end of that part of that period;

D is the amount of the annual rate of the pension which would, on the valuation assumptions, be payable to the individual under the arrangement if the individual became entitled to payment of it at the beginning of that part of that period;

E is the amount of the lump sum to which the individual would, on the valuation assumptions, be entitled under the arrangement (otherwise than by commutation of pension) if the individual became entitled to payment of it at the beginning of that part of that period.

(5) The hybrid arrangement non-residence factor is the greater or greatest of such of—

- (a) what would be the cash balance arrangement non-residence factor (under section 222) if the arrangement were a cash balance arrangement,
- (b) what would be the other money purchase arrangement non-residence factor (under that section) if the arrangement were a collective money purchase arrangement,
- (c) what would be the other money purchase arrangement non-residence factor (under that section) if the arrangement were a money purchase arrangement other than a cash balance arrangement or a collective money purchase arrangement, and
- (d) what would be the defined benefits arrangement non-residence factor (under [sub-paragraphs \(3\) and \(4\)](#)) if the arrangement were a defined benefits arrangement,

as are relevant factors in relation to the arrangement.

(6) A factor is a relevant factor in relation to a hybrid arrangement if, in any circumstances, the benefits that may be provided to or in respect of the individual under the arrangement may be benefits linked to that factor.

(7) For the purposes of [sub-paragraph \(6\)](#)—

- (a) cash balance benefits are linked to the cash balance arrangement non-residence factor;
- (b) other money purchase benefits are linked to the other money purchase arrangement non-residence factor;

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- (c) defined benefits are linked to the defined benefits arrangement non-residence factor.

*Transfers from recognised overseas pension scheme: general*

20E (1) This paragraph applies in relation to a relevant benefit crystallisation event occurring in relation to an individual where—

- (a) at any time after 5th April 2006 but before 6th April 2024, there has been a recognised overseas scheme transfer, and
- (b) notice of intention to rely on it is given to His Majesty's Revenue and Customs in accordance with regulations made by the Commissioners for His Majesty's Revenue and Customs.

(2) There is a “recognised overseas scheme transfer” if any sums or assets—

- (a) held for the purposes of an arrangement under a recognised overseas pension scheme, or
  - (b) representing accrued rights under such an arrangement,
- are transferred so as to become held for the purposes of, or to represent rights under, an arrangement under a registered pension scheme relating to the individual.

(3) The arrangement specified in [sub-paragraph \(2\)\(a\)](#) or [\(b\)](#) is referred to in this paragraph and in [paragraphs 20F](#) and [20G](#) as the “recognised overseas scheme arrangement”.

(4) A lump sum and death benefit allowance enhancement factor operates in relation to the relevant benefit crystallisation event mentioned in [paragraph 6A\(1\)](#).

(5) The lump sum and death benefit allowance enhancement factor is the recognised overseas scheme transfer factor.

(6) The recognised overseas scheme transfer factor is—

$$\frac{A - B}{£ 1,000,000}$$

where—

A is the aggregate of the amount of any sums transferred, and the market value of any assets transferred, on the recognised overseas scheme transfer;

B is the relevant relievable amount (see [paragraphs 20F](#) and [20G](#)).

(7) In this paragraph and in [paragraphs 20F](#) and [20G](#) “the overseas arrangement active membership period” is the period—

- (a) beginning with the date on which the benefits first began to accrue to or in respect of the individual under the recognised overseas scheme arrangement or, if later, 6th April 2006, and
- (b) ending on 5th April 2024.

(8) But if benefits ceased to accrue to or in respect of the individual under the recognised overseas scheme arrangement at a time before 5th April

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2024, the overseas arrangement active membership period is to be treated as having ended at that time.

- (9) Where this paragraph applies, for the purposes of this Part a lump sum is not an uncrystallised funds pension lump sum (see paragraph 4A of Schedule 29) if, immediately before the lump sum is paid, the amount given by the formula in [sub-paragraph \(10\)](#) is less than 25% of the lump sum.

- (10) The formula is—

$$\frac{A - B}{4}$$

where—

A is—

- (a) in the case of an individual in relation to whom a relevant protection provision applies, the individual's protected lump sum and death benefit allowance (see [paragraph 6A\(4\)](#));
- (b) in any other case, £1,073,100;

B is the amount that would be the previously-used amount within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual's lump sum and death benefit allowance) if a relevant benefit crystallisation event within the meaning of that section had occurred immediately before the lump sum is paid.

#### *Overseas scheme transfers: money purchase arrangements*

- 20F (1) This paragraph applies in the case of a recognised overseas scheme arrangement that was a money purchase arrangement.

- (2) The relevant relievable amount is—

- (a) if the recognised overseas scheme arrangement was a cash balance arrangement, the cash balance relevant relievable amount (see [sub-paragraphs \(3\) to \(5\)](#)), and
- (b) if the recognised overseas scheme arrangement was any other sort of money purchase arrangement, the other money purchase relevant relievable amount (see [sub-paragraphs \(6\) and \(7\)](#)).

- (3) The cash balance relevant relievable amount is—

- (a) the amount arrived at by the application of [sub-paragraph \(4\)](#) in relation to the part of the overseas arrangement active membership period during which the individual was not a relevant overseas individual, or
- (b) if there have been two or more parts of that period during which the individual was not a relevant overseas individual, the aggregate of the amounts arrived at by the application of [sub-paragraph \(4\)](#) in relation to each of those parts of that period.

- (4) The amount arrived at by the application of this subsection in relation to any part of the overseas arrangement active membership period is—

$$A - B$$

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where—

A is the closing value of the individual's rights under the arrangement, and

B is the opening value of the individual's rights under the arrangement.

(5) For the purposes of [sub-paragraph \(4\)](#)—

- (a) the closing value of the individual's rights under the recognised overseas scheme arrangement is the amount which would, on the valuation assumptions (see section 277), be available for the provision of benefits to or in respect of the individual under the arrangement if the individual became entitled to the benefits at the end of that part of that period, and
- (b) the opening value of the individual's rights under the arrangement is the amount which would, on the valuation assumptions, be available for the provision of benefits to or in respect of the individual under the arrangement if the individual became entitled to the benefits at the beginning of that part of that period.

(6) The other money purchase relevant relievable amount is—

- (a) the amount arrived at by the application of [sub-paragraph \(7\)](#) in relation to the part of the overseas arrangement active membership period during which the individual was not a relevant overseas individual, or
- (b) if there have been two or more parts of that period during which the individual was not a relevant overseas individual, the aggregate of the amounts arrived at by the application of [sub-paragraph \(7\)](#) in relation to each of those parts of that period.

(7) The amount arrived at by the application of this sub-paragraph in relation to any part of the overseas arrangement active membership period is the amount of the contributions made under the arrangement by or in respect of the individual in any part of the overseas arrangement active membership period during which the individual was not a relevant overseas individual.

#### *Overseas scheme transfers: other arrangements*

20G (1) This section applies in the case of a recognised overseas scheme arrangement that was not a money purchase arrangement.

(2) The relevant relievable amount is—

- (a) if the recognised overseas scheme arrangement was a defined benefits arrangement, the defined benefits relevant relievable amount (see [sub-paragraphs \(3\) and \(4\)](#)), and
- (b) if the recognised overseas scheme arrangement was a hybrid arrangement, the hybrid relevant relievable amount (see [sub-paragraph \(5\) to \(7\)](#)).

(3) The defined benefits relevant relievable amount is—



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- (a) the amount arrived at by the application of [sub-paragraph \(4\)](#) in relation to the part of the overseas arrangement active membership period during which the individual was not a relevant overseas individual, or
  - (b) if there have been two or more parts of that period during which the individual was not a relevant overseas individual, the aggregate of the amounts arrived at by the application of [sub-paragraph \(4\)](#) in relation to each of those parts of that period.
- (4) The amount arrived at by the application of this subsection in relation to any part of the overseas arrangement active membership period is—
- $$(A \times B + C) - (A \times D + E)$$

where—

A is the relevant valuation factor (see section 276);

B is the annual rate of the pension which would, on the valuation assumptions (see section 277), be payable to the individual under the recognised overseas scheme arrangement if the individual became entitled to payment of it at the end of that part of that period;

C is the amount of the lump sum to which the individual would, on the valuation assumptions, be entitled under the arrangement (otherwise than by commutation of pension) if the individual became entitled to payment of it at the end of that part of that period;

D is the annual rate of the pension which would, on the valuation assumptions, be payable to the individual under the arrangement if the individual became entitled to payment of it at the beginning of that part of that period;

E is the amount of the lump sum to which the individual would, on the valuation assumptions, be entitled under the arrangement (otherwise than by commutation of pension) if the individual became entitled to payment of it at the beginning of that part of that period.

- (5) The hybrid relevant relievable amount is the greater or greatest of such of—
- (a) what would be the cash balance relevant relievable amount (under section 225) if the recognised overseas scheme arrangement had been a cash balance arrangement,
  - (b) what would be the other money purchase relevant relievable amount (under that section) if that arrangement had been a collective money purchase arrangement,
  - (c) what would be the other money purchase relevant relievable amount (under that section) if that arrangement had been a money purchase arrangement other than a cash balance arrangement or a collective money purchase arrangement, and
  - (d) what would be the defined benefits relevant relievable amount (under [sub-paragraph \(3\)](#) and [\(4\)](#)) if that arrangement had been a defined benefits arrangement,
- as are relevant to that arrangement.



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- (6) An amount is relevant to a hybrid arrangement if, in any circumstances, the benefits that may be provided to or in respect of the individual under the arrangement may be benefits linked to that amount.
- (7) For the purposes of [sub-paragraph \(6\)](#)—
  - (a) cash balance benefits are linked to the cash balance relevant relievable amount;
  - (b) other money purchase benefits are linked to the other money purchase relevant relievable amount;
  - (c) defined benefits are linked to the defined benefits relevant relievable amount.”

*Amendments of Part 3 of Schedule 36 to FA 2004*

- 79 Part 3 of Schedule 36 to FA 2004 (transitional provision and saving: pre-commencement benefit rights) is amended as follows.
- 80 Omit paragraph 23A (pre-commencement benefit rights: lump sums before normal minimum pension age) and the italic heading before it.
- 81 (1) In paragraph 24 (pre-commencement benefit rights: lump sum rights exceeding £375,000: primary and enhanced protection), sub-paragraph (1) is amended as follows.
  - (2) In paragraph (a), after “Schedule 29” insert “and paragraph 12 of this Schedule”.
  - (3) For paragraph (b) substitute—
    - “(b) [paragraph 29A](#) (which makes provision modifying the value of the individual’s lump sum allowance),”.
- 82 For paragraph 27 (pre-commencement benefit rights: enhanced protection: permitted maximum) substitute—
  - “27 If (and for so long as) paragraph 12 (enhanced protection) applies in relation to the individual, that paragraph has effect as if, for [paragraph \(i\) of sub-paragraph \(3B\)](#) there were substituted—
    - “(i) [paragraph 2](#) of Schedule 29 to FA 2004 (pension commencement lump sum: definition of “permitted maximum”) has effect as if, for sub-paragraphs (b) and (c), there were substituted—
      - “(b) an amount equal to—
        - (i) the maximum amount of a pension commencement lump sum that could have been paid to the individual on 5 April 2023 under the arrangement pursuant to which the individual becomes entitled to the relevant pension mentioned in paragraph 1(1) (aa), less
        - (ii) the aggregate of the amounts of any pension commencement lump sums to which the member has previously become entitled

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under that arrangement after that date.”””

83 (1) Paragraph 28 (pre-commencement benefit rights: no enhanced protection: permitted maximum) is amended as follows.

(2) In sub-paragraph (1) omit “paragraph 2 of”.

(3) In sub-paragraph (2), after “paragraph 2” insert “of Schedule 29”.

(4) For sub-paragraph (3) substitute—

“(3) Otherwise, for paragraph 2 of Schedule 29 substitute—

“2 (1) In paragraph 1 “the permitted maximum”, in relation to a lump sum, means an amount equal to—

$$A - B$$

where—

A is the value of the individual’s relevant uncrystallised lump sum rights on 5 April 2006 (calculated in accordance with paragraphs 25 and 26), as adjusted under [sub-paragraph \(2\)](#);

B is the aggregate of the amounts of each pension commencement lump sum to which the individual has previously become entitled, as adjusted under [sub-paragraph \(3\)](#) (or, if the individual has not previously become entitled to a pension commencement lump sum, is nil).

(2) The adjustment referred to in the definition of A is the multiplication of the value of the individual’s relevant uncrystallised lump sum rights on 5th April 2006 by 1.2 (being £1,800,000 divided by £1,500,000).

(3) The adjustment of the amount of a pension commencement lump sum to which the individual has previously become entitled referred to in the definition of B is the multiplication of the amount by—

$$\frac{\pounds 1,800,000}{C}$$

where C is—

(a) if the individual became entitled to the lump sum before 6th April 2012, the standard lifetime allowance at that time;

(b) otherwise, £1,800,000.””

84 For paragraph 29 (pre-commencement benefit rights: enhanced protection: applicable amount) substitute—

“29 (1) If (and for so long as) paragraph 12 (enhanced protection) applies in relation to the individual, [paragraphs 2A to 2D](#) of Schedule 29 (meaning of “the applicable amount” in relation to a relevant pension) apply with the following modifications.

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- (2) [Paragraph 2A](#) of that Schedule (meaning of “the applicable amount” where the relevant pension is income withdrawal) applies as if, for [sub-paragraphs \(2\) to \(4\)](#), there were substituted—

“(2) The applicable amount is—

$$\frac{A}{B} \times (C + D)$$

where—

A is the value of the individual’s relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36;

B is the value of the individual’s uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is—

- (a) the aggregate of the sums, and the market value of the assets, designated as available for the payment of drawdown pension on that occasion, less
- (b) so much (if any) of that amount as represents rights which are attributable to a disqualifying pension credit.”

- (3) [Paragraph 2B](#) of that Schedule (meaning of “the applicable amount” where the relevant pension is a lifetime annuity) applies as if, for [sub-paragraph \(2\)](#) there were substituted—

“(2) The applicable amount is (subject to sub-paragraph (4))—

$$\frac{A}{B} \times (C + D - E)$$

where—

A is the value of the individual’s relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36 to FA 2004;

B is the value of the individual’s uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is the annuity purchase price;

E is—

- (a) if the annuity is purchased (in whole or in part) by the application of sums or assets representing the whole or part of the member’s drawdown pension fund or flexi-access drawdown fund, the aggregate of the amount of those sums and the market value of those assets;
- (b) otherwise, so much (if any) of the aggregate of the lump sum and the annuity purchase price as represents the rights which are attributable to a disqualifying pension credit.”

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- (4) [Paragraph 2C](#) of that Schedule (meaning of “the applicable amount” where the relevant pension is a defined benefits arrangement or a collective money purchase arrangement) applies as if—

- (a) for [sub-paragraph \(2\)](#) there were substituted—

“(2) The applicable amount is (subject to sub-paragraph (3))—

$$\frac{A}{B} \times (C + D)$$

where—

A is the value of the individual’s relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36;

B is the value of the individual’s uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is an amount equal to the value of the pension rights crystallised by reason of the individual becoming entitled to the pension (see [sub-paragraph \(4\)](#)).”;

- (b) after [sub-paragraph \(3\)](#) there were inserted—

“(4) The Commissioners for His Majesty’s Revenue and Customs may by regulations make provision about how the value of the pension rights crystallised by reason of the individual becoming entitled to the pension is to be determined for the purposes of [sub-paragraph \(2\)](#).”

- (5) [Paragraph 2D](#) of that Schedule (meaning of “the applicable amount” where the relevant pension is a money purchase arrangement) applies as if, for [sub-paragraph \(2\)](#), there were substituted—

“(2) The applicable amount is—

$$\frac{A}{B} \times (C + D)$$

where—

A is the value of the individual’s relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36;

B is the value of the individual’s uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is the scheme pension purchase price.”

85 After paragraph 29 (substituted by [paragraph 84](#)) insert—

- “29A [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual as if the amount specified in [section 637P](#) of ITEPA 2003 (individual’s lump sum allowance) were an amount equal to the maximum amount

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of a pension commencement lump sum that could have been paid to the member on 5th April 2023.”

86 Omit paragraph 30 (pre-commencement benefit rights: exemption for pension commencement lump sum exceeding permitted maximum from being scheme chargeable).

87 For paragraph 34 (pre-commencement benefit rights: application of Schedule 29 to FA 2004 where paragraph 31 applies) substitute—

“34 (1) [Paragraph 2](#) of Schedule 29 (pension commencement lump sums: definition of “permitted maximum”) applies as if the permitted maximum were—

$$(A \times 1.2) + B$$

where—

A is the value of the individual’s uncrystallised lump sum rights under the pension scheme on 5th April 2006, calculated in accordance with paragraph 32;

B is the additional lump sum amount.

(2) The additional lump sum amount is—

$$\frac{C + (D \times 4) - (E \times 0.7154)}{4}$$

where—

C is the pension commencement lump sum paid;

D is the applicable amount in relation to the relevant pension (see [paragraphs 2A to 2D](#) of Schedule 29);

E is the value of the individual’s uncrystallised rights under the pension scheme on 5th April 2006, calculated in accordance with paragraph 33.

(3) For the purposes of [section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance), the “non-taxable amount” of a pension commencement lump sum paid to the individual is to be treated as an amount equal to the applicable amount in relation to the relevant pension.

(4) Any part of what would otherwise be D or E which represents rights attributable to a disqualifying pension credit is to be disregarded.”

88 Omit paragraph 35 (pre-commencement benefit rights: winding-up lump sums paid by former approved superannuation funds) and the italic heading before it.

#### *Amendment of Part 4 of Schedule 36 to FA 2004*

89 In Part 4 of Schedule 36 to FA 2004 (transitional provisions and savings: other provisions), in paragraph 51 (individuals with pre-commencement entitlement to corresponding relief), in sub-paragraph (4), for “events that are benefit crystallisation events in relation to the individual” substitute “an event that is the individual becoming entitled to a benefit under a pension scheme”.

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### *Amendments of Schedule 18 to FA 2011*

- 90 (1) In Schedule 18 to FA 2011 (lifetime allowance charge), in Part 2 (commencement and transitional provision), paragraph 14 (fixed protection) is amended as follows.
- (2) In sub-paragraph (1)(b), for “make provision for a lifetime allowance enhancement factor” substitute “apply on that date”.
- (3) In sub-paragraph (1A)(b), for “make provision for a lifetime allowance enhancement factor” substitute “apply on that date”.
- (4) For sub-paragraph (3) substitute—
- “(3) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual as if—
- (a) the amount specified in [section 637P](#) of that Act (individual’s lump sum allowance) were £450,000, and
  - (b) the amount specified in [section 637R](#) of that Act (individual’s lump sum and death benefit allowance) were £1,800,000.”

### *Amendments of Schedule 22 to FA 2013*

- 91 (1) In Schedule 22 to FA 2013 (transitional provision relating to reduction in standard lifetime allowance etc), in Part 1 (“fixed protection 2014”), paragraph 1 is amended as follows.
- (2) In sub-paragraph (1)(b), for “make provision for a lifetime allowance enhancement factor” substitute “apply on that date”.
- (3) For sub-paragraph (2) substitute—
- “(2) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual as if—
- (a) the amount specified in [section 637P](#) of that Act (individual’s lump sum allowance) were £375,000, and
  - (b) the amount specified in [section 637R](#) of that Act (individual’s lump sum and death benefit allowance) were £1,500,000.”

### *Amendments of Schedule 6 to FA 2014*

- 92 (1) In Schedule 6 to FA 2014 (transitional provision relating to new standard lifetime allowance for the tax year 2014-15 etc), in Part 1 (“individual protection 2014”), paragraph 1 (the protection) is amended as follows.
- (2) In sub-paragraph (1)(c), for “make provision for a lifetime allowance enhancement factor” substitute “apply on that date”.
- (3) For sub-paragraph (2) substitute—
- “(2) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual as if—
- (a) the amount specified in [section 637P](#) of that Act (individual’s lump sum allowance) were the lower of—
    - (i) 25% of the individual’s relevant amount;
    - (ii) £375,000, and

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- (b) the amount specified in [section 637R](#) of that Act (individual's lump sum and death benefit allowance) were the lower of—
  - (i) the individual's relevant amount;
  - (ii) £1,500,000.”

#### *Amendments of Schedule 4 to FA 2016*

- 93 (1) Schedule 4 to FA 2016 (pensions: lifetime allowance: transitional provision) is amended as follows is amended as follows.
- (2) In the heading, for “lifetime allowance” substitute “lump sum allowance and lump sum and death benefit allowance”.
- (3) In Part 1 (“fixed protection 2016”)—
- (a) in paragraph 1 (the protection), for sub-paragraph (2) substitute—

“(2) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual as if—

    - (a) the amount specified in [section 637P](#) of that Act (individual's lump sum allowance) were £312,500, and
    - (b) the amount specified in [section 637R](#) of that Act (individual's lump sum and death benefit allowance) were £1,250,000.”;
  - (b) in paragraph 2 (the initial conditions), in paragraph (b), for “make provision for a lifetime allowance enhancement factor” substitute “apply on 6 April 2016”.
- (4) In Part 2 (“individual protection 2016”), in paragraph 9 (the protection)—
- (a) in sub-paragraph (1)(c), for “make provision for a lifetime allowance enhancement factor” substitute “apply on 6 April 2016”;
  - (b) for sub-paragraph (2) substitute—

“(2) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect in relation to the individual as if—

    - (a) the amount specified in [section 637P](#) of that Act (individual's lump sum allowance) were the lower of—
      - (i) 25% of the individual's relevant amount;
      - (ii) £312,500, and
    - (b) the amount specified in [section 637R](#) of that Act (individual's lump sum and death benefit allowance) were the lower of—
      - (i) the individual's relevant amount;
      - (ii) £1,250,000.”
- (5) In Part 3 (reference numbers etc), in paragraph 14 (issuing of reference numbers for fixed or individual protection 2016), in sub-paragraph (3)(b), at the end insert “but before 6 April 2025”.



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*Amendments of the Registered Pension Schemes (Enhanced Lifetime Allowance) Regulations 2006*

- 94 (1) The Registered Pension Schemes (Enhanced Lifetime Allowance) Regulations 2006 ([S.I. 2006/131](#)) are amended as follows.
- (2) In the title, for “Lifetime Allowance” substitute “Allowances”.
- (3) In regulation 1 (citation and commencement), for “Lifetime Allowance” substitute “Allowances”.
- (4) In regulation 2(1) (interpretation)—
- (a) for the entry for “relevant lump sum death benefit” substitute—
- ““relevant lump sum death benefit” means—
- (a) a defined benefits lump sum death benefit, other than one paid after the end of the relevant two-year period by a registered pension scheme in respect of a member of the scheme who had not reached the age of 75 at the date of the member’s death, or
- (b) an uncrystallised funds lump sum death benefit, other than one paid after the end of the relevant two-year period by a registered pension scheme in respect of a member of the scheme who had not reached the age of 75 at the date of the member’s death;”;
- (b) in the appropriate places insert—
- ““relevant benefit crystallisation event” has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance);”
- ““the relevant two-year period”, in relation to a member of a registered pension scheme, means the period of two years beginning with the earlier of the day on which the scheme administrator of the scheme first knew of the member’s death and the day on which the scheme administrator could first reasonably have been expected to have known of it.”.
- (5) In regulation 3 (reliance on [paragraph 7](#) of Schedule 36 (lifetime allowance enhancement: “primary protection”)), in the heading, for “lifetime allowance enhancement” substitute “enhancement of allowances”.
- (6) In regulation 3A (reliance on paragraph 11A of Schedule 36 (lifetime allowance enhancement: “primary protection”: taking account of death benefit))—
- (a) in the heading, for “lifetime allowance enhancement” substitute “enhancement of allowances”;
- (b) in paragraph (6), for “section 217(2)” substitute “section 579C of ITEPA 2003”.
- (7) In regulation 4 (reliance on paragraph 12 of Schedule 36 (lifetime allowances: “enhanced protection”)), in the heading, for “lifetime allowances” substitute “enhancement of allowances”.
- (8) In regulation 4A (reliance on paragraph 15A of Schedule 36 (lifetime allowances: “enhanced protection”: taking account of death benefit))—
- (a) in the heading, for “lifetime allowances” substitute “enhancement of allowances”;



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- (b) in paragraph (6), for “section 217(2)” substitute “section 579C of ITEPA 2003”.
- (9) In regulation 5 (reliance on [paragraph 18](#) of Schedule 36 (lifetime allowance enhancement: pre-commencement pension credits))—
- (a) in the heading, for “lifetime allowance enhancement” substitute “enhancement of allowances”;
  - (b) in paragraph (1)—
    - (i) for “benefit crystallisation event” substitute “relevant benefit crystallisation event”;
    - (ii) for “paragraph 18(1)” substitute “[paragraph 18\(1\)\(a\)](#)”.
- (10) In regulation 6 (reliance on section 220 (lifetime allowance enhancement: registration of pension credits))—
- (a) in the heading—
    - (i) for “section 220” substitute “[paragraph 20A](#) of Schedule 36”;
    - (ii) for “lifetime allowance enhancement” substitute “enhancement of allowances”;
  - (b) in paragraph (1), for “section 220(1)” substitute “[paragraph 20A\(1\)](#) of Schedule 36”;
  - (c) in paragraph (2), for “section 220” substitute “[paragraph 20A](#) of Schedule 36”;
  - (d) in paragraph (3), for “section 220” substitute “[paragraph 20A](#) of Schedule 36”;
  - (e) after paragraph (3) insert—
    - “(3A) The closing date is the earlier of—
      - (a) the relevant date found under paragraph (4), and
      - (b) 5 April 2025.”;
  - (f) in paragraph (4)—
    - (i) in the words before the first rule, for “closing date” substitute “relevant date”;
    - (ii) in the words after the second rule, for “closing date” substitute “relevant date”;
  - (g) in paragraph (6), in the words before sub-paragraph (a), for “section 220” substitute “[paragraph 20A](#) of Schedule 36”;
  - (h) in paragraph (8), in the words before sub-paragraph (a), for “section 220” substitute “[paragraph 20A](#) of Schedule 36”.
- (11) In regulation 7 (reliance on section 221 (lifetime allowance enhancement: relevant overseas individuals))—
- (a) in the heading—
    - (i) for “section 221” substitute “[paragraph 20B](#) of Schedule 36”;
    - (ii) for “lifetime allowance enhancement” substitute “enhancement of allowances”;
  - (b) in paragraph (2), for “section 221” substitute “[paragraph 20B](#) of Schedule 36”;
  - (c) in paragraph (3), for “section 221” substitute “[paragraph 20B](#) of Schedule 36”;
  - (d) after paragraph (3) insert—

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- “(3A) The closing date is the earlier of—
- (a) the relevant date found under paragraph (4), and
  - (b) 5 April 2025.”;
- (e) in paragraph (4)—
- (i) in the words before the first rule, for “closing date” substitute “relevant date”;
  - (ii) in the words after the second rule, for “closing date” substitute “relevant date”;
- (f) in paragraph (6), in the words before sub-paragraph (a), for “section 221” substitute “[paragraph 20B](#) of Schedule 36”;
- (g) in paragraph (8), in the words before sub-paragraph (a), for “section 221” substitute “[paragraph 20B](#) of Schedule 36”.
- (12) In regulation 8 (reliance on section 224 (lifetime allowance enhancement: transfer from recognised overseas pension scheme))—
- (a) in the heading—
    - (i) for “section 224” substitute “[paragraph 20E](#) of Schedule 36”;
    - (ii) for “lifetime allowance enhancement” substitute “enhancement of allowances”;
  - (b) in paragraph (1), for “section 224(1)” substitute “[paragraph 20E\(1\)](#)”;
  - (c) in paragraph (2), for “section 224” substitute “[paragraph 20E](#) of Schedule 36”;
  - (d) in paragraph (3), for “section 224” substitute “[paragraph 20E](#) of Schedule 36”;
  - (e) after paragraph (3) insert—
 

“(3A) The closing date is the earlier of—

    - (a) the relevant date found under paragraph (4), and
    - (b) 5 April 2025.”;
  - (f) in paragraph (4)—
    - (i) in the words before the first rule, for “closing date” substitute “relevant date”;
    - (ii) in the words after the second rule, for “closing date” substitute “relevant date”;
  - (g) in paragraph (6), in the words before sub-paragraph (a), for “section 224” substitute “[paragraph 20E](#) of Schedule 36”;
  - (h) in paragraph (8), in the words before sub-paragraph (a), for “section 224” substitute “[paragraph 20E](#) of Schedule 36”.
- (13) In regulation 15 (certificates: general), in paragraph (3), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.

*Amendments of the Taxation of Pension Schemes (Transitional Provisions) Order 2006*

- 95 (1) The Taxation of Pension Schemes (Transitional Provisions) Order 2006 ([S.I. 2006/572](#)) is amended as follows.
- (2) In article 25A (conditions to be met by stand-alone lump sums), in paragraph (3), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.

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- (3) In article 25B (circumstances in which stand-alone lump sums are paid), in paragraph (2), for “paragraph 2 of Schedule 29” substitute “Chapter 15A of Part 9 of ITEPA 2003”.
- (4) In article 25C (payment of stand-alone lump sums: tax consequences), for paragraphs (2) and (3A) substitute—
  - “(1A) Articles 25CA to 25CC apply for the purposes of determining the tax treatment of a stand-alone lump sum.”
- (5) After article 25C insert—

**Circumstance A: tax treatment of stand-alone lump sums**

- “25CA(1) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect with the following modifications for the purposes of determining the income tax treatment of a stand-alone lump sum paid to a member of a pension scheme in circumstances where article 25B(2) (circumstance A) applies.
- (2) That Chapter has effect as if, after [section 637G](#) (trivial commutation lump sums and winding-up lump sums) there were inserted—

**“637GA Stand-alone lump sums**

- (1) Subject to [subsection \(2\)](#), no liability to income tax arises on a stand-alone lump sum paid under a registered pension scheme.
- (2) If the amount of the stand-alone lump sum exceeds the permitted maximum, [section 579A](#) (pensions) applies to the excess as it applies to any pension under a registered pension scheme.
- (3) In [subsection \(2\)](#) “the permitted maximum”, in relation to a stand-alone lump sum, means the lower of—
  - (a) the maximum amount of a stand-alone lump sum that could have been paid to the individual with no liability to income tax on 5 April 2023, and
  - (b) so much of the individual’s lump sum and death benefit allowance as is available immediately before the individual becomes entitled to the lump sum (see [section 637S](#)).”
- (3) [Section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance) has effect as if, in the definition of “relevant lump sum” in [subsection \(2\)\(b\)](#) of that section, there were included a reference to a stand-alone lump sum.
- (4) [Section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance) has effect as if, in the definition of “relevant lump sum” in [subsection \(2\)\(b\)](#) of that section, there were included a reference to a stand-alone lump sum.

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### **Circumstance B: tax treatment of stand-alone lump sums**

25C(1) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect with the following modifications for the purposes of determining the income tax treatment of a stand-alone lump sum paid to a member of a pension scheme in circumstances where article 25B(3) (circumstance B) applies.

- (2) That Chapter has effect as if, after [section 637G](#) (trivial commutation lump sums and winding-up lump sums) there were inserted—

#### **“637GA Stand-alone lump sums**

- (1) Subject to [subsection \(2\)](#), no liability to income tax arises on a stand-alone lump sum paid under a registered pension scheme.
- (2) If the amount of the stand-alone lump sum exceeds the permitted maximum, [section 579A](#) (pensions) applies to the excess as it applies to any pension under a registered pension scheme.
- (3) In [subsection \(2\)](#) “the permitted maximum”, in relation to a stand-alone lump sum, means—
  - (a) the amount of a stand-alone lump sum that could have been paid to the individual with no liability to income tax on 5 April 2023 under the arrangement pursuant to which the entitlement to the stand-alone lump sum arises in respect of the individual, less
  - (b) the aggregate of the amounts of any stand-alone lump sums and pension commencement lump sums previously paid to the individual under that arrangement after that date.”
- (3) [Section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance) has effect as if, in the definition of “relevant lump sum” in [subsection \(2\)\(b\)](#) of that section, there were included a reference to a stand-alone lump sum.
- (4) [Section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance) has effect as if, in the definition of “relevant lump sum” in [subsection \(2\)\(b\)](#) of that section, there were included a reference to a stand-alone lump sum.

### **Circumstance C: tax treatment of stand-alone lump sums**

25C(1) [Chapter 15A](#) of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes) has effect with the following modifications for the purposes of determining the income tax treatment of a stand-alone lump sum paid to a member of a pension scheme in circumstances where article 25B(4) (circumstance C) applies.

- (2) That Chapter has effect as if, after [section 637G](#) (trivial commutation lump sums and winding-up lump sums) there were inserted—

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### “637GA Stand-alone lump sums

- (1) Subject to [subsection \(2\)](#), no liability to income tax arises on a stand-alone lump sum paid under a registered pension scheme.
- (2) If the amount of the stand-alone lump sum exceeds the permitted maximum, section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.
- (3) In [subsection \(2\)](#) “the permitted maximum”, in relation to a stand-alone lump sum, means the lower of—
  - (a) the maximum amount of a stand-alone lump sum that could have been paid to the individual with no liability to income tax on 5 April 2023, and
  - (b) so much of the individual’s lump sum and death benefit allowance as is available immediately before the individual becomes entitled to the lump sum (see [section 637S](#)).”
- (3) [Section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance), has effect as if, in the definition of “relevant lump sum” in [subsection \(2\)\(b\)](#) of that section, there were included a reference to a stand-alone lump sum.
- (4) For the purposes of that section, the “non-taxable amount” of a stand-alone lump sum is to be treated as being an amount equal to 25% of the lump sum.
- (5) [Section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance), in the definition of “relevant lump sum” in [subsection \(2\)\(b\)](#) of that section, there were included a reference to a stand-alone lump sum.”
- (6) In article 25D (stand-alone lump sums: further provisions)—
  - (a) in paragraph (2)—
    - (i) for “VULSR — APCLS” substitute “A — B”;
    - (ii) omit the words from “, in the modified sub-paragraph (6)” to the end;
  - (b) in paragraph (3), for “in the modified sub-paragraph (6) of paragraph 2 of Schedule 29, the term “APCLS”” substitute “the term “B””.

### *Amendments of the Registered Pension Schemes (Lifetime Allowance Transitional Protection) Regulations 2011*

- 96 (1) The Registered Pension Schemes (Lifetime Allowance Transitional Protection) Regulations 2011 ([S.I. 2011/1752](#)) are amended as follows.
- (2) In the title, for “Lifetime Allowance” substitute “Enhanced Allowances”.
  - (3) In regulation 1 (citation and commencement), for “Lifetime Allowance” substitute “Enhanced Allowances”.
  - (4) In regulation 4 (the paragraph 14 notice), in paragraph (1)(c), for “make provision for a lifetime allowance enhancement factor” substitute “apply”.

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- (5) In regulation 13 (preservation of documents), in paragraph (1), for “benefit crystallisation event” substitute “relevant benefit crystallisation event within the meaning of [section 637S](#) of ITEPA 2003”.

*Amendments of the Registered Pension Schemes and Relieved Non-UK Pension Schemes (Lifetime Allowance Transitional Protection) (Notification) Regulations 2013*

- 97 (1) The Registered Pension Schemes and Relieved Non-UK Pension Schemes (Lifetime Allowance Transitional Protection) (Notification) Regulations 2013 ([S.I. 2013/1741](#)) are amended as follows.
- (2) In the title, for “Lifetime Allowance” substitute “Enhanced Allowances”.
- (3) In regulation 1 (citation and commencement), for “Lifetime Allowance” substitute “Enhanced Allowances”.
- (4) In regulation 4 (the paragraph 1 notice), in paragraph (1)—
- (a) in sub-paragraph (c), for “make provision for a lifetime allowance enhancement factor” substitute “apply”;
  - (b) in sub-paragraph (e), for “(transitional provision relating to new standard lifetime allowance for the tax year 2012-13)” substitute “(fixed protection)”.
- (5) In regulation 13 (preservation of documents), in paragraph (1), for “benefit crystallisation event” substitute “relevant benefit crystallisation event within the meaning of [section 637S](#) of ITEPA 2003”.

*Amendments of the Registered Pension Schemes and Relieved Non-UK Pension Schemes (Lifetime Allowance Transitional Protection) (Individual Protection 2014 Notification) Regulations 2014*

- 98 (1) The Registered Pension Schemes and Relieved Non-UK Pension Schemes (Lifetime Allowance Transitional Protection) (Individual Protection 2014 Notification) Regulations 2014 ([S.I. 2014/1842](#)) are amended as follows.
- (2) In the title, for “Lifetime Allowance” substitute “Enhanced Allowances”.
- (3) In regulation 1 (citation and commencement), for “Lifetime Allowance” substitute “Enhanced Allowances”.
- (4) In regulation 4 (the paragraph 1 notice), in paragraph (1), in sub-paragraph (f), for “make provision for a lifetime allowance enhancement factor” substitute “apply”.
- (5) In regulation 13 (preservation of documents), in paragraph (2), for “benefit crystallisation event” substitute “relevant benefit crystallisation event within the meaning of [section 637S](#) of ITEPA 2003”.

## PART 5

### PROVISION OF INFORMATION

*Amendments of Part 4 of FA 2004*

- 99 Part 4 of FA 2004 (pension schemes etc) is amended as follows.

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- 100 (1) Section 256 (enhanced lifetime allowance regulations) is amended as follows.
- (2) In the heading omit “lifetime”.
- (3) In subsection (1)—
- (a) omit paragraphs (a) to (c);
  - (b) in paragraph (d), for “lifetime allowance enhancement” substitute “enhancement of allowances”;
  - (c) in paragraph (e)—
    - (i) omit “lifetime allowance”;
    - (ii) omit the “and” at the end;
  - (d) in paragraph (f)—
    - (i) for “paragraph 18(6)” substitute “[paragraph 18\(1\)\(b\)](#)”;
    - (ii) for “lifetime allowance enhancement” substitute “enhancement of allowances”;
  - (e) after paragraph (f) insert—
    - “(g) [paragraph 20A\(1\)\(d\)](#) of that Schedule (enhancement factor: pension credits from previously crystallised rights),
    - (h) [paragraph 20B\(1\)\(b\)](#) of that Schedule (enhancement factor: non-residence), and
    - (i) [paragraph 20E\(1\)\(b\)](#) of that Schedule (enhancement factor: transfers from recognised overseas pension scheme).”
- (4) In subsection (2) omit “lifetime”.
- (5) In subsection (3)—
- (a) in the words before paragraph (a) omit “lifetime”;
  - (b) omit paragraph (a).
- (6) In subsection (4), in the words before paragraph (a) omit “lifetime”.
- 101 (1) Section 261 (enhanced lifetime allowance regulations: documents and information) is amended as follows.
- (2) In the heading omit “lifetime”.
- (3) In subsection (1)(a) omit “lifetime”.
- (4) In subsection (2)—
- (a) in paragraph (a), for “lifetime allowance” substitute “lump sum allowance or lump sum and death benefit allowance”;
  - (b) in paragraph (b), after “pension commencement lump sums” insert “or the uncrystallised funds pension lump sums”.
- (5) In subsection (4), in the words before paragraph (a)—
- (a) for “lifetime allowance” substitute “lump sum and death benefit allowance”;
  - (b) for the words “whichever is the higher of” to the end of paragraph (b) substitute “the actual amount of the individual’s lump sum and death benefit allowance at that time.”
- (6) In subsection (5)(a)—



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- (a) for “a benefit crystallisation event” substitute “a relevant benefit crystallisation event within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance)”;
  - (b) for “the benefit crystallisation event” substitute “the relevant benefit crystallisation event”.
- (7) In subsection (6), in paragraphs (a) and (b), after “pension commencement lump sums” insert “or the uncrystallised funds pension lump sums”.
- 102 (1) Section 262 (enhanced lifetime allowance regulations: failures to comply) is amended as follows.
  - (2) In the heading omit “lifetime”.
  - (3) In paragraphs (a), (b) and (c) omit “lifetime”.
- 103 (1) Section 263 (lifetime allowance enhanced protection: benefit accrual) is amended as follows.
  - (2) In the heading omit “Lifetime allowance”.
  - (3) In subsection (1)(a), for “lifetime allowance charge” substitute “enhancement of allowances”.

*Amendments of the Registered Pension Schemes (Provision of Information) Regulations 2006*

- 104 The Registered Pension Schemes (Provision of Information) Regulations 2006 ([S.I. 2006/567](#)) are amended as follows.
- 105 In regulation 2 (interpretation), in paragraph (1)—
  - (a) at the appropriate places insert—
    - ““relevant benefit crystallisation event”—
    - (a) in relation to a member’s lump sum allowance, has the same meaning as in [section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance) in relation to the member;
    - (b) in relation to a member’s lump sum and death benefit allowance, has the same meaning as in [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance) in relation to the member;”
    - ““relevant reference number”, in relation to a member, means a reference number given by or on behalf of the Commissioners in respect of the member under—
    - (a) the Registered Pension Schemes (Enhanced Allowances) Regulations 2006 ([S.I. 2006/131](#)) (where the member relies on any provision of Schedule 36 to FA 2004);
    - (b) the Registered Pension Schemes (Enhanced Allowances Transitional Protection) Regulations 2011 ([S.I. 2011/1752](#)) (where the member relies on fixed protection under Schedule 18 to FA 2011);
    - (c) the Registered Pension Schemes and Relieved Non-UK Pension Schemes (Enhanced Allowances Transitional Protection) (Notification) Regulations 2013 ([S.I. 2013/1741](#)) (where the member relies on fixed protection 2014 under Schedule 22 to FA 2013);



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- (d) the Registered Pension Schemes and Relieved Non-UK Pension Schemes (Enhanced Allowances Transitional Protection) (Individual Protection 2014 Notification) Regulations 2014 ([S.I. 2014/1842](#)) (where the member relies on individual protection 2014 under Schedule 6 to FA 2014);
  - (e) paragraph 14 of Schedule 4 to the Finance Act 2016 (where the member relies on fixed or individual protection 2016 under that Schedule);”
  - (b) in the definition of “relevant lump sum death benefit”, for the words from “means” to the end substitute “has the meaning given by [section 637S\(2\)\(c\)](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance)”.
- 106 (1) In regulation 3 (provision of information by scheme administrator to the Commissioners for His Majesty’s Revenue and Customs), in paragraph (1), the Table is amended as follows.
- (2) Omit the entries for the following reportable events—
- (a) payments exceeding 50% of standard lifetime allowance;
  - (b) benefit crystallisation events and non-standard lifetime allowances;
  - (c) pension commencement lump sum;
  - (d) pension commencement lump sum: primary and enhanced protection provisions of Schedule 36;
  - (e) stand-alone lump sum.
- (3) At the end insert—

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**“24 Payment of lump sum or lump sum death benefit in relation to relevant benefit crystallisation event**

In relation to a relevant benefit crystallisation event, the scheme pays—	The information is—
(a) a lump sum to the member of the scheme in relation to whom the relevant benefit crystallisation event occurs, or	(a) the member’s name and national insurance number,
(b) a lump sum death benefit to a person in respect of the death of that member.	(b) the nature and amount of the lump sum or lump sum death benefit giving rise to the relevant benefit crystallisation event,
	(c) the date of the relevant benefit crystallisation event,
	(d) confirmation of whether or not the payment of the lump sum or lump sum death benefit has resulted in the member’s lump sum allowance or lump sum and death benefit allowance being exceeded,
	(e) so far as the payment of the lump sum or lump sum death benefit has resulted in the member’s lump sum allowance or lump sum and death benefit allowance being exceeded, confirmation that any amount of tax due on the excess as a result of the charge to tax on pension

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income under Part 9 of ITEPA 2003 has been paid, and  
(f) each relevant reference number (if any).”

- 107 (1) Regulation 7 (percentage of standard lifetime allowance expended on the happening of a benefit crystallisation event) is amended as follows.
- (2) For the heading substitute “Relevant benefit crystallisation events: amount of member’s allowances expended”.
- (3) For paragraphs (1) and (2) substitute—
- “(1) The amount of a member’s lump sum allowance or lump sum and death benefit allowance expended on the happening of a relevant benefit crystallisation event is the non-taxable amount in relation to the lump sum to which the member becomes entitled, or the lump sum death benefit which a person is paid in respect of the member.”
- (4) In paragraph (3)(a) omit “, (2A), (2B)”.
- (5) For paragraph (4) substitute—
- “(4) The total amount of a member’s lump sum allowance or lump sum and death benefit allowance expended is the sum of the amounts calculated in accordance with [paragraph \(1\)](#) in respect of each relevant benefit crystallisation event that has occurred in relation to the member.”
- (6) After paragraph (4) insert—
- “(5) In this regulation “non-taxable amount”—
- (a) in relation to a member’s lump sum allowance, has the meaning given by [section 637Q\(6\)](#) of ITEPA 2003;
- (b) in relation to a member’s lump sum and death benefit allowance, has the meaning given by [section 637S\(6\)](#) of ITEPA 2003.”
- 108 (1) Regulation 8 (death: provision of information by scheme administrator to personal representatives) is amended as follows.
- (2) In paragraph (1) omit “, (2A), (2B)”.
- (3) In paragraph (2)—
- (a) for “percentage of standard lifetime allowance” substitute “amount of the member’s lump sum and death benefit allowance”;
- (b) for “relevant lump sum death benefit” substitute “defined benefits lump sum death benefit or an uncrystallised funds lump sum death benefit”.
- (4) Omit paragraphs (2A) and (2B).
- (5) In paragraph (3)—
- (a) in the words before sub-paragraph (a), for “percentage of standard lifetime allowance” substitute “amount of the member’s lump sum and death benefit allowance”;
- (b) in sub-paragraph (a), in the words before paragraph (i), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”;

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- (c) in sub-paragraph (b), in the words before paragraph (i), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”;
  - (d) in the words after sub-paragraph (b)—
    - (i) for “percentage” substitute “amount”;
    - (ii) for “relevant lump sum death benefit” substitute “defined benefits lump sum death benefit or any uncrystallised funds lump sum death benefit”;
    - (iii) omit the words from “and any amount” to the end.
- 109 (1) Regulation 9 (death: provision of information by insurance company to personal representatives) is amended as follows.
- (2) In paragraph (2)—
- (a) in the words before sub-paragraph (a), for “percentage of standard lifetime allowance” substitute “amount of the member’s lump sum and death benefit allowance”;
  - (b) in sub-paragraph (a), in the words before paragraph (i), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”;
  - (c) in sub-paragraph (b), in the words before paragraph (i), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- 110 (1) Regulation 10 (death: provision of information by personal representatives to the Commissioners for His Majesty’s Revenue and Customs) is amended as follows.
- (2) In paragraph (1), in sub-paragraph (b)—
- (a) omit “, or any benefit crystallisation event 5C or 5D,”;
  - (b) for “a lifetime allowance charge” substitute “the member’s lump sum and death benefit allowance being exceeded”.
- (3) Omit paragraphs (1A) and (1B).
- (4) In paragraph (2)—
- (a) after paragraph (a) insert—
    - “(aa) the name of each other pension scheme (if any) of which the deceased member was a member, and the name and address of the scheme administrator of each such scheme;”;
  - (b) in paragraph (b), after “name” insert “, date of birth, date of death and national insurance number”;
  - (c) after paragraph (b) insert—
    - “(ba) each relevant reference number (if any) in relation to the deceased member;
    - (bb) the name, address, date of birth and national insurance number of the individual to whom the relevant lump sum death benefit is paid;”;
  - (d) in sub-paragraph (d), for “the chargeable amount in respect of which a lifetime allowance charge is payable” substitute “the amount by which the member’s lump sum and death benefit allowance is exceeded”.
- (5) Omit paragraphs (2A) and (2B).
- (6) In paragraphs (3) and (5) omit “, (1A) or (1B)”.

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- 111 (1) Regulation 11 (information provided by member to scheme administrator: protections) is amended as follows.
- (2) In the heading, for “enhanced lifetime allowance” substitute “enhanced allowances”.
- (3) In paragraph (1)—
- (a) in the words before paragraph (a), for “the member” substitute “a member”;
  - (b) in paragraph (a) omit “lifetime”;
  - (c) for the words after paragraph (d) substitute “the member must give to the scheme administrator the reference number issued by or on behalf of the Commissioners under any of the provisions mentioned in [paragraph \(1A\)](#) in respect of that entitlement.”
- (4) After paragraph (1) insert—
- “(1A) The provisions are—
- (a) the Registered Pension Schemes (Enhancement of Allowances) Regulations 2006 ([S.I. 2006/131](#));
  - (b) the Registered Pension Schemes (Enhanced Allowances Transitional Protection) Regulations 2011 ([S.I. 2011/1752](#));
  - (c) the Registered Pension Schemes and Relieved Non-UK Pension Schemes (Enhanced Allowances Transitional Protection) (Notification) Regulations 2013 ([S.I. 2013/1741](#));
  - (d) Schedule 4 to the Finance Act 2016 (pensions: lump sum allowance and lump sum and death benefit allowance: transitional provision).”
- (5) In paragraph (2)(a), for “Lifetime Allowance” substitute “Enhanced Allowances”.
- 112 Omit regulation 11B (information provided by members to scheme administrators: pension commencement lump sums).
- 113 In regulation 11BA (information provided by members to scheme administrators: recognised transfers), in paragraph (2), after paragraph (ac) insert—
- “(ad) a statement of the nature and transferred value of any transfers that have previously been made in relation to the member—
- (i) from any registered pension scheme or relieved relevant non-UK scheme of which the member is, or was at any time after 6 April 2006, a member, and
  - (ii) to a qualifying recognised overseas pension scheme.”
- 114 In regulation 11BB (information provided by members to scheme administrators: overseas transfers), in paragraph (1)(b)—
- (a) in paragraph (i), for “the” substitute “an”;
  - (b) in paragraph (ii)—
    - (i) for “required” substitute “excluded from the overseas transfer charge under [section 244AC](#)”;
    - (ii) omit the words from “to be” to the end.
- 115 Omit regulation 12 (information about scheme administrator’s liability for a lifetime allowance charge).
- 116 (1) Regulation 12A (provision of information about liability for overseas transfer charge) is amended as follows.
- (2) In the heading, at the end insert “etc”.

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- (3) In paragraph (1)—
- (a) in the words before sub-paragraph (a), for “the overseas transfer charge” substitute “an overseas transfer charge”;
  - (b) for sub-paragraph (b) substitute—
    - “(b) whether the overseas transfer charge arises under [section 244AC](#) or [244IA](#) in the case of the transfer.”.
- (4) In paragraph (2)—
- (a) in the words before sub-paragraph (a), after “the overseas transfer charge” insert “under [section 244AC](#)”;
  - (b) in sub-paragraph (b), at the end insert “under [section 244AC](#)”;
  - (c) after sub-paragraph (b) insert—
    - “(ba) the transferred value of the transfer.”.
- (5) In paragraph (3), in the words before sub-paragraph (a), for “overseas transfer charge” substitute “an overseas transfer charge under [section 244AC](#)”.
- 117 (1) Regulation 14 (information provided to members by scheme administrators about benefit crystallisation events) is amended as follows.
- (2) In the heading, for “benefit crystallisation events” substitute “relevant benefit crystallisation events”.
- (3) In paragraph (1)(b), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- (4) In paragraph (2)(c) omit “(2A) or (2B)”.
- (5) In paragraph (3)—
- (a) in the words before sub-paragraph (a), for “percentage of standard lifetime allowance” substitute “amount of the member’s lump sum allowance, and the amount of the member’s lump sum and death benefit allowance,”;
  - (b) in sub-paragraph (a), for “benefit crystallisation events” substitute “relevant benefit crystallisation events”;
  - (c) in sub-paragraph (b), in the words before paragraph (i), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- 118 In regulation 14ZCA (further information provided by scheme administrators on recognised transfers to overseas schemes), in paragraph (2)—
- (a) in sub-paragraph (a), for “the overseas transfer charge” substitute “an overseas transfer charge”;
  - (b) for sub-paragraph (b) substitute—
    - “(b) in a case where an overseas transfer charge arose in the case of the transfer, stating—
      - (i) the transferred value of the transfer,
      - (ii) whether the charge arose under [section 244AC](#) or [244IA](#), and
      - (iii) the amount of the charge, and
    - (c) in a case where the transfer is excluded from the overseas transfer charge under [section 244AC](#) by or under any of sections 244B to 244H, the section under which it is so excluded.”

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- 119 (1) Regulation 15 (information between scheme administrators) is amended as follows.
- (2) In paragraph (2)—
- (a) in the words before paragraph (a), for “total percentage of the standard lifetime allowance” substitute “total amount of the member’s lump sum allowance, and the total amount of the member’s lump sum and death benefit allowance,”;
  - (b) in sub-paragraph (a), for “benefit crystallisation events” substitute “relevant benefit crystallisation events”;
  - (c) in sub-paragraph (b), in the words before paragraph (i), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- 120 (1) Regulation 16 (pensions and annuities in payment: information provided to and by insurance companies) is amended as follows.
- (2) In paragraph (2), for “total percentage of standard lifetime allowance” substitute “total amount of the member’s lump sum allowance, and the total amount of the member’s lump sum and death benefit allowance,”.
- (3) In paragraph (3), for “percentage of the standard lifetime allowance” substitute “total amount of the member’s lump sum allowance, and the total amount of the member’s lump sum and death benefit allowance,”.
- (4) In paragraph (4)(a), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”.
- 121 (1) Regulation 17 (payments to insurance companies from drawdown pension funds) is amended as follows.
- (2) In paragraph (2), for “percentage of standard lifetime allowance” substitute “amount of the member’s lump sum allowance, and the amount of the member’s lump sum and death benefit allowance,”.
- (3) In paragraph (3)—
- (a) for “percentage of the standard lifetime allowance” substitute “amount of the member’s lump sum allowance, and the amount of the member’s lump sum and death benefit allowance,”;
  - (b) for “percentage expended” substitute “amount expended”.
- (4) In paragraph (5)—
- (a) in sub-paragraph (a)—
    - (i) in the words before paragraph (i), for “percentages of standard lifetime allowance” substitute “amounts of the member’s lump sum allowance, and the sum of the amounts of the member’s lump sum and death benefit allowance,”;
    - (ii) in paragraph (i), for “benefit crystallisation events” substitute “relevant benefit crystallisation events”;
    - (iii) in paragraph (ii), for “benefit crystallisation event” substitute “relevant benefit crystallisation event”;
  - (b) in sub-paragraph (b), in the words before paragraph (i), for “percentages of standard lifetime allowance” substitute “amounts of the member’s lump sum allowance, and the sum of the amounts of the member’s lump sum and death benefit allowance,”.
- (5) In paragraph (7)—

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- (a) in sub-paragraph (a)—
  - (i) in the words before paragraph (i), for “percentages of standard lifetime allowance” substitute “amounts of the member’s lump sum allowance, and the sum of the amounts of the member’s lump sum and death benefit allowance,”;
  - (ii) in paragraph (i), for “benefit crystallisation events” substitute “relevant benefit crystallisation events”;
  - (iii) in paragraph (ii), for “benefit crystallisation events” substitute “relevant benefit crystallisation events”;
- (b) in sub-paragraph (b), in the words before paragraph (i), for “percentages of standard lifetime allowance” substitute “amounts of the member’s lump sum allowance, and the sum of the amounts of the member’s lump sum and death benefit allowance,”.

122 Omit regulations 19 (lump sums to which paragraph 1B of Schedule 29 applies) and 20 (lump sums to which paragraph 1B of Schedule 29 fails to apply).

*Amendments of the Registered Pension Schemes and Overseas Pension Schemes (Electronic Communication of Returns and Information) Regulations 2006*

- 123 (1) The Registered Pension Schemes and Overseas Pension Schemes (Electronic Communication of Returns and Information) Regulations 2006 ([S.I. 2006/570](#)) are amended as follows.
- (2) In regulation 2 (interpretation), in paragraph (2), for the entry for “the ELA regulations” substitute—

““the EA regulations” means the Pension Schemes (Enhanced Allowances) Regulations 2006 ([S.I. 2006/131](#));”
  - (3) In Schedule 2 (information which may be supplied either to or by HM Revenue & Customs by an approved method of electronic communications)—
    - (a) in the entry relating to an application under section 267 or 268 of FA 2004 omit paragraph (a) (which relates to an application under section 267 of that Act);
    - (b) in the entry relating to a notification by an individual under regulation 3, 4, 5, 6, 7 or 8 of the Pension Schemes (Enhanced Lifetime Allowance) Regulations 2006 ([S.I. 2006/131](#)) (“the 2006 regulations”), for “the ELA regulations” substitute “the EA regulations”;
    - (c) in the entry relating to a requirement by an individual under regulation 12 of the 2006 regulations, for “the ELA regulations” substitute “the EA regulations”;
    - (d) in the entry relating to a requirement by an individual under regulation 14 of the 2006 regulations, for “the ELA regulations” substitute “the EA regulations”;
    - (e) in the entry relating to a requirement by an individual under regulation 16 of the 2006 regulations, for “the ELA regulations” substitute “the EA regulations”;
    - (f) in the entry relating to a notice given by an individual under regulation 17 of the 2006 regulations, for “the ELA regulations” substitute “the EA regulations”;



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- (g) in the entry relating to a notice given by an individual under regulation 18 of the 2006 regulations, for “the ELA regulations” substitute “the EA regulations”;
- (h) in the entry relating to a notice by His Majesty’s Revenue and Customs under regulation 24 of the 2006 regulations, for “the ELA regulations” substitute “the EA regulations”;
- (i) in the entry relating to a certificate by His Majesty’s Revenue and Customs under the 2006 regulations, for “the ELA regulations” substitute “the EA regulations”;
- (j) in the final entry, relating to a notice of appeal against the imposition of a penalty under certain provisions—
  - (i) in paragraph (e) omit “lifetime”;
  - (ii) in paragraph (f) omit “lifetime”;
  - (iii) in paragraph (g) omit “lifetime allowance”.

## PART 6

### COMMENCEMENT AND TRANSITIONAL PROVISION ETC

#### *Commencement*

- 124 The amendments made by section 14 and this Schedule have effect for the tax year 2024-25 and subsequent tax years.

#### *Availability of individual’s lump sum allowance*

- 125 (1) This paragraph applies where—
- (a) one or more benefit crystallisation events within the meaning of Part 4 of FA 2004 occurred in relation to an individual before 6 April 2024, and
  - (b) a relevant benefit crystallisation event within the meaning of [section 637Q](#) of ITEPA 2003 (availability of individual’s lump sum allowance) occurs in relation to the individual on or after that date.
- (2) Where the individual’s lifetime allowance previously-used amount is equal to or greater than the individual’s lifetime allowance, none of the individual’s lump sum allowance is available on the occurrence of the relevant benefit crystallisation event.
- (3) Otherwise, the amount of the individual’s lump sum allowance that is available on the occurrence of the relevant benefit crystallisation event is—
- (a) the amount of that allowance that is available in accordance with [section 637Q](#) of ITEPA 2003 on the occurrence of that event, less
  - (b) an amount equal to 25% of the individual’s lifetime allowance previously-used amount;
- or, if that produces a negative result, nil.
- (4) But sub-paragraphs (2) and (3) do not apply if, on the occurrence of the relevant benefit crystallisation event, a transitional tax-free amount certificate is in force in relation to the individual.
- (5) In such a case, the amount of the individual’s lump sum allowance that is available on the occurrence of the relevant benefit crystallisation event is—

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- (a) the amount of that allowance that is available in accordance with [section 637Q](#) of ITEPA 2003 on the occurrence of that event, less
  - (b) the individual's lump sum transitional tax-free amount;
- or, if that produces a negative result, nil.
- (6) For provision about the meaning of expressions used in this paragraph, see [paragraph 129](#).

*Availability of individual's lump sum and death benefit allowance*

126 (1) This paragraph applies where—

- (a) one or more benefit crystallisation events within the meaning of Part 4 of FA 2004 occurred in relation to an individual before 6 April 2024, and
  - (b) a relevant benefit crystallisation event within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual's lump sum and death benefit allowance) occurs in relation to the individual on or after that date.
- (2) Where the individual's lifetime allowance previously-used amount is equal to or greater than the individual's lifetime allowance, none of the individual's lump sum and death benefit allowance is available on the occurrence of the relevant benefit crystallisation event.
- (3) Otherwise, the amount of the individual's lump sum and death benefit allowance that is available on the occurrence of the relevant benefit crystallisation event is—
- (a) the amount of that allowance that is available in accordance with [section 637S](#) of ITEPA 2003 on the occurrence of that event, less
  - (b) an amount equal to the appropriate percentage of the individual's lifetime allowance previously-used amount;
- or, if that produces a negative result, nil.
- (4) In sub-paragraph (3) “the appropriate percentage” means—
- (a) 100% in a case in which—
    - (i) the individual becomes entitled to a serious ill-health lump sum before 6 April 2024 and is under the age of 75 at the time of the payment, or
    - (ii) the individual dies before 6 April 2024 under the age of 75 and before that date a person is paid a lump sum death benefit in respect of the individual;
  - (b) 25% in any other case.
- (5) But sub-paragraphs (2) to (4) do not apply if, on the occurrence of the relevant benefit crystallisation event, a transitional tax-free amount certificate is in force in relation to the individual.
- (6) In such a case, the amount of the individual's lump sum and death benefit allowance that is available on the occurrence of the relevant benefit crystallisation event is—
- (a) the amount of that allowance that is available in accordance with [section 637S](#) of ITEPA 2003 on the occurrence of that event, less
  - (b) the individual's lump sum and death benefit transitional tax-free amount;
- or, if that produces a negative result, nil.

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- (7) For provision about the meaning of expressions used in this paragraph, see [paragraph 129](#).

*Transitional tax-free amount certificates*

- 127 (1) A “transitional tax-free amount certificate” is a certificate relating to an individual that—
- (a) is issued by a registered pension scheme on an application made in accordance with this paragraph, and
  - (b) certifies that the scheme administrator of the scheme is satisfied as to—
    - (i) the amount of the individual’s lump sum transitional tax-free amount, and
    - (ii) the amount of the individual’s lump sum and death benefit transitional tax-free amount.
- (2) An application for a certificate in relation to an individual—
- (a) may be made by the individual or, if the individual is deceased, the individual’s personal representatives;
  - (b) may be made to any registered pension scheme of which the individual is a member or, if the individual is deceased, of which the individual was a member immediately before death;
  - (c) must be accompanied by complete evidence as to the amount of the individual’s lump sum and death benefit transitional tax-free amount;
  - (d) may not be made after the occurrence, in relation to the individual, of a relevant benefit crystallisation event within the meaning of [section 637S](#) of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance).
- (3) The scheme administrator of a registered pension scheme to which an application is made must, before the end of the period of three months beginning with the date on which the scheme receives the application, determine the application by—
- (a) issuing the applicant with a certificate, or
  - (b) notifying the applicant that the application is refused.
- (4) A certificate must (in addition to certifying the matter mentioned in [sub-paragraph \(1\)\(b\)](#)) contain the following information—
- (a) the individual’s name, address and national insurance number,
  - (b) the individual’s lifetime allowance previously-used amount expressed as a percentage of the standard lifetime allowance,
  - (c) the amount that the scheme administrator is satisfied is the individual’s lump sum transitional tax-free amount, and
  - (d) the amount that the scheme administrator is satisfied is the individual’s lump sum and death benefit transitional tax-free amount.
- (5) A certificate may be in such form as the scheme administrator may determine and may, in particular, be incorporated into any other document that is given to the applicant by the scheme.
- (6) If at any time it appears to the scheme administrator of a registered pension scheme that the amount specified on a certificate under [sub-paragraph \(4\)\(c\)](#) or [\(d\)](#) does not accurately reflect the individual’s lump sum transitional tax-free amount or (as the

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case may be) lump sum and death benefit transitional tax-free amount, they must cancel the certificate by giving notice of the cancellation to the applicant or, if the applicant is deceased, the applicant's personal representatives.

- (7) A certificate—
  - (a) comes into force when it is issued, and
  - (b) ceases to be in force on the giving of a notice under sub-paragraph (6).
- (8) The Commissioners for His Majesty's Revenue and Customs may by regulations—
  - (a) amend sub-paragraph (3) by substituting a different period for that for the time being specified there, or
  - (b) make further provision about transitional tax-free certificates.
- (9) For provision about the meaning of expressions used in this paragraph, see [paragraph 129](#).
- (10) In the second column of the Table in section 98 of TMA 1970 (penalty for failure to give certificates etc), at the appropriate place insert—

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“Paragraph [127](#) of [Schedule 9](#) to the Finance Act 2024”.

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#### *Provision of information by scheme administrators to members*

- 128 (1) A reference in the Provision of Information Regulations to a relevant benefit crystallisation event is, in relation to times before 6 April 2024, a reference to a benefit crystallisation event within the meaning of Part 4 of FA 2004.
- (2) Sub-paragraph (3) applies where—
    - (a) one or more benefit crystallisation events within the meaning of Part 4 of FA 2004 occurred in relation to a member of a registered pension scheme before 6 April 2024, and
    - (b) it is necessary to determine, for the purposes of any provision of the Provision of Information Regulations as that provision has effect for the tax year 2024-25 or a subsequent tax year, the amount of the member's lump sum allowance that has been expended by the events mentioned in paragraph (a).
  - (3) For those purposes, the amount of the member's lump sum allowance that has been expended by the events mentioned in [sub-paragraph \(2\)\(a\)](#) is—
    - (a) if a transitional tax-free amount certificate is in force in relation to the member, so much of the member's lump sum transitional tax-free amount as is referable to those events;
    - (b) otherwise, an amount equal to 25% of so much of the member's lifetime allowance previously-used amount as is referable to those events.
  - (4) Sub-paragraph (5) applies where—
    - (a) one or more benefit crystallisation events within the meaning of Part 4 of FA 2004 occurred in relation to a member of a registered pension scheme before 6 April 2024, and
    - (b) it is necessary to determine, for the purposes of any provision of the Provision of Information Regulations as it has effect for the tax year 2024-25 or a later tax year, the amount of the member's lump sum and death benefit allowance that has been expended by the events mentioned in paragraph (a).

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- (5) For those purposes, the amount of the member's lump sum and death benefit allowance that has been expended by the events mentioned in [sub-paragraph \(4\)\(a\)](#) is—
- (a) if a transitional tax-free amount certificate is in force in relation to the member, so much of the member's lump sum and death benefit transitional tax-free amount as is referable to those events;
  - (b) otherwise, an amount equal to the appropriate percentage of so much of the member's lifetime allowance previously-used amount as is referable to those events.
- (6) In [sub-paragraph \(5\)\(b\)](#) “the appropriate percentage” means—
- (a) 100% in a case in which—
    - (i) the member becomes entitled to a serious ill-health lump sum under the scheme before 6 April 2024 and is under the age of 75 at the time of the payment, or
    - (ii) the member dies before 6 April 2024 under the age of 75 and before that date a person is paid a lump sum death benefit under the scheme in respect of the individual;
  - (b) 25% in any other case.
- (7) In this paragraph “the Provision of Information Regulations” means the Registered Pension Schemes (Provision of Information) Regulations ([S.I. 2006/567](#)).
- (8) For further provision about the meaning of expressions used in this paragraph, see [paragraph 129](#).

*Paragraphs 125 to 128: interpretation*

- 129 (1) “Lump sum transitional tax-free amount”, in relation to an individual, means the total of—
- (a) each pension commencement lump sum (if any) to which the individual has, before 6 April 2024, become entitled under a registered pension scheme, and
  - (b) each uncrystallised funds pension lump sum (if any) to which the individual has, before 6 April 2024, become entitled under a registered pension scheme, so far as no charge to income tax under Part 9 of ITEPA 2003 or Part 4 of FA 2004 arises in respect of it.
- (2) “Lump sum and death benefit transitional tax-free amount”, in relation to an individual, means the total of—
- (a) each relevant lump sum (if any) to which the individual has, before 6 April 2024, become entitled under a registered pension scheme, so far as no charge to income tax under Part 9 of ITEPA 2003 or Part 4 of FA 2004 arises in respect of it, and
  - (b) each relevant lump sum death benefit (if any) paid before 6 April 2024 by a registered pension scheme in respect of the individual so far as no charge to income tax under Part 9 of ITEPA 2003 or Part 4 of FA 2004 arises in respect of it.
- (3) For the purposes of [sub-paragraph \(2\)](#)—
- (a) a lump sum is “relevant” if the individual becoming entitled to it constituted a benefit crystallisation event within the meaning of Part 4 of FA 2004;

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- (b) a lump sum death benefit is “relevant” if its payment constituted a benefit crystallisation event within the meaning of Part 4 of FA 2004.
- (4) “Complete evidence”, in relation to an individual’s lump sum and death benefit transitional tax-free amount, means evidence of—
  - (a) each lump sum (if any) to which the individual has become entitled, and
  - (b) each lump sum death benefit (if any) that has been paid in respect of the individual,that is comprised, or any part of which is comprised, in the individual’s lump sum and death benefit transitional tax-free amount.
- (5) In paragraphs 125 to 128 and this paragraph—
  - “complete evidence” has the meaning given by [sub-paragraph \(4\)](#);
  - “lifetime allowance” has the same meaning as in Part 4 of FA 2004;
  - “lifetime allowance previously-used amount” means the amount that would have been the previously-used amount for the purposes of section 219 of FA 2004 (availability of individual’s lifetime allowance) if a benefit crystallisation event (within the meaning of that section) had occurred immediately before 6 April 2024;
  - “lump sum and death benefit transitional tax-free amount” has the meaning given by [sub-paragraphs \(2\) and \(3\)](#);
  - “lump sum death benefit” has the same meaning as in Part 4 of FA 2004;
  - “lump sum transitional tax-free amount” has the meaning given by [sub-paragraph \(1\)](#);
  - “pension commencement lump sum” has the same meaning as in Part 4 of FA 2004;
  - “the Provision of Information Regulations” means the Registered Pension Schemes (Provision of Information) Regulations ([S.I. 2006/567](#));
  - “scheme administrator” has the same meaning as in Part 4 of FA 2004;
  - “serious ill-health lump sum” has the same meaning as in Part 4 of FA 2004;
  - “standard lifetime allowance”, in relation to an individual, has the same meaning as in Part 4 of FA 2004 as that Part has effect in relation to the individual;
  - “transitional tax-free amount certificate” means a certificate under [paragraph 127](#);
  - “uncrystallised funds pension lump” has the same meaning as in Part 4 of FA 2004.
- (6) A reference in any of paragraphs 125 to 128 or this paragraph to a provision of FA 2004 is to that provision as it had effect immediately before 6 April 2024.

*Statements for certain members who would not otherwise receive one in the tax year 2024-25*

- 130 (1) The scheme administrator of a registered pension scheme must provide a statement to each relevant person before the end of the tax year 2024-25.
- (2) In [sub-paragraph \(1\)](#) “relevant person” means—
  - (a) any member of the scheme—
    - (i) in relation to whom one or more benefit crystallisation events occurred before 6 April 2024, and



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- (ii) who on that date does not have an actual (as opposed to prospective) entitlement to be paid a pension, or
  - (b) the personal representatives of a member within [paragraph \(a\)](#) who has died.
- (3) The statement must contain the information that would have been required to be provided under regulation 14(1) of the Provision of Information Regulations (information provided by scheme administrators about benefit crystallisation events) if such a requirement had arisen in relation to a benefit crystallisation event occurring immediately before 6 April 2024.
- (4) In this paragraph—
- “benefit crystallisation event” means a benefit crystallisation event within the meaning of Part 4 of FA 2004, as that Part had effect immediately before 6 April 2024;
  - “the Provision of Information Regulations” means the Registered Pension Schemes (Provision of Information) Regulations ([S.I. 2006/567](#));
  - “scheme administrator” has the same meaning as in Part 4 of FA 2004.

*Lump sum death benefits paid on or after 6 April 2024 that crystallised before that date*

- 131 In [section 637S](#) (availability of individual’s lump sum and death benefit allowance) “relevant lump sum death benefit” does not include a lump sum death benefit if and to the extent that it is paid in respect of rights that, before 6 April 2024, crystallised under section 216 of FA 2004.

*References in scheme rules to lifetime allowance excess lump sums*

- 132 A rule of a registered pension scheme relating to a member’s entitlement to a lifetime allowance excess lump sum has effect, in relation to entitlements arising on or after 6 April 2024, and so far as possible, as a rule relating to the member’s entitlement to a pension commencement excess lump sum.

*Power to make further transitional provision*

- 133 (1) The Treasury may make transitional, transitory or saving provision (in addition to that contained in paragraphs [126](#) to [132](#)) in connection with the coming into force of any amendment made by section [14](#) or this Schedule.
- (2) Regulations under this paragraph may—
- (a) insert provision into this Part of this Schedule;
  - (b) amend any provision of paragraphs [126](#) to [132](#);
  - (c) make different provision for different purposes.

*Power to make further provision in connection with the abolition of lifetime allowance charge*

- 134 (1) The Treasury may by regulations make further provision (in addition to that contained in Parts [1](#) to [5](#) of this Schedule) in consequence of, or otherwise in connection with, the provision made by sections 18, 19 and 23 of F(No.2)A 2023.
- (2) Regulations under this paragraph may—
- (a) amend any provision of the Income Tax Acts (including any provision of, or amendment made by, this Schedule);



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- (b) if made after 5 April 2024, be made so as to have effect for the tax year in which they are made;
  - (c) make different provision for different purposes;
  - (d) include transitional, transitory or saving provision.
- (3) Regulations under this paragraph that increase any person's liability to tax may not be made unless a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, the House of Commons.
- (4) No regulations under this paragraph may be made after 5 April 2026.
- (5) In [sub-paragraph \(2\)](#) “amend” includes repeal or revoke.

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**Changes and effects yet to be applied to :**

- Sch. 9 para. 125(2) omitted by [S.I. 2024/356 reg. 4\(4\)](#)
- Sch. 9 para. 130(3) substituted by [S.I. 2024/356 reg. 4\(19\)](#)
- Sch. 9 para. 132 cross-heading substituted by [S.I. 2024/356 reg. 4\(22\)](#)
- Sch. 9 para. 126(1)(b) word inserted by [S.I. 2024/356 reg. 4\(9\)\(b\)](#)
- Sch. 9 para. 129(5) word inserted by [S.I. 2024/356 reg. 4\(17\)\(b\)](#)
- Sch. 9 para. 125(1)(a) word omitted by [S.I. 2024/356 reg. 4\(3\)\(a\)](#)
- Sch. 9 para. 126(1)(a) word omitted by [S.I. 2024/356 reg. 4\(9\)\(a\)](#)
- Sch. 9 para. 129(1)(a) word omitted by [S.I. 2024/356 reg. 4\(15\)\(a\)](#)
- Sch. 9 para. 129(2)(a) word omitted by [S.I. 2024/356 reg. 4\(16\)\(a\)](#)
- Sch. 9 para. 125(3) word substituted by [S.I. 2024/356 reg. 4\(5\)](#)
- Sch. 9 para. 129(5) words inserted by [S.I. 2024/356 reg. 4\(17\)\(a\)](#)
- Sch. 9 para. 130(4) words inserted by [S.I. 2024/356 reg. 4\(20\)](#)
- Sch. 9 para. 125(4) words substituted by [S.I. 2024/356 reg. 4\(7\)](#)
- Sch. 9 para. 126(4) words substituted by [S.I. 2024/356 reg. 4\(11\)](#)

**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. 9 para. 132(1) Sch. 9 para. 132 renumbered as Sch. 9 para. 132(1) by [S.I. 2024/356 reg. 4\(23\)\(a\)](#)
- Sch. 9 para. 125(1)(c) and word inserted by [S.I. 2024/356 reg. 4\(3\)\(b\)](#)
- Sch. 9 para. 125(3A) inserted by [S.I. 2024/356 reg. 4\(6\)](#)
- Sch. 9 para. 126(1)(c) inserted by [S.I. 2024/356 reg. 4\(9\)\(c\)](#)
- Sch. 9 para. 126(3A) inserted by [S.I. 2024/356 reg. 4\(10\)](#)
- Sch. 9 para. 127A and cross-heading inserted by [S.I. 2024/356 reg. 4\(12\)](#)
- Sch. 9 para. 128(6)(a)(zi) inserted by [S.I. 2024/356 reg. 4\(13\)](#)
- Sch. 9 para. 129(1)(c)(d) inserted by [S.I. 2024/356 reg. 4\(15\)\(b\)](#)
- Sch. 9 para. 129(2)(c) and word inserted by [S.I. 2024/356 reg. 4\(16\)\(b\)](#)
- Sch. 9 para. 130A and cross-heading inserted by [S.I. 2024/356 reg. 4\(21\)](#)
- Sch. 9 para. 132(2)-(5) inserted by [S.I. 2024/356 reg. 4\(23\)\(c\)](#)
- Sch. 9 para. 132A and cross-heading inserted by [S.I. 2024/356 reg. 4\(24\)](#)
- Sch. 9 para. 132(1) words inserted by [S.I. 2024/356 reg. 4\(23\)\(b\)](#)