

**2011 No. 1782**

**INCOME TAX**

**The Taxation of Pension Schemes (Transitional Provisions)  
(Amendment) (No.2) Order 2011**

<i>Made</i>	- - - -	<i>20th July 2011</i>
<i>Laid before the House of Commons</i>		<i>21st July 2011</i>
<i>Coming into force</i>	- -	<i>11th August 2011</i>

The Treasury make the following Order in exercise of the powers conferred upon them by sections 282(A1), 283(2) and 283(3A) of the Finance Act 2004(a).

**Citation, commencement and effect**

1.—(1) This Order may be cited as the Taxation of Pension Schemes (Transitional Provisions) (Amendment) (No.2) Order 2011 and comes into force on 11th August 2011.

(2) Article 2(2)(a)(i) and (b) has effect for the tax year 2012-13 and subsequent tax years.

(3) Article 2(3), (4) and (5) has effect in relation to lump sums paid on or after 6th April 2011.

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

2.—(1) The Taxation of Pension Schemes (Transitional Provisions) Order 2006(b) is amended as follows.

(2) In article 23(2) (modification of paragraph 34 of Schedule 36 to the Finance Act 2004)—

(a) in the sub-paragraph (5) treated as substituted—

(i) for “CLSA” substitute “ULA”, and

(ii) for “FLSA” substitute “FSLA”;

(b) in the sub-paragraph (7) treated as substituted, for the definition of “CSLA” substitute—  
“ULA is the underpinned lifetime allowance.”.

(3) In article 23C(4) (modification of Schedule 29 to the Finance Act 2004), in the paragraph 7A treated as inserted, in sub-paragraph (1)(b) omit “, but has not reached the age of 75”.

(4) In article 25(3)(a) (stand-alone lump sums: introductory and definition), for “D” substitute “C”.

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(a) 2004 c.12. Section 282(A1) was inserted by section 75(1) of the Finance Act 2009 (c.10); section 283(3A) was inserted by paragraph 35 of Schedule 23 to the Finance Act 2006 (c.25).

(b) SI 2006/572; article 23(2) was amended by SI 2008/2990 with effect from 6 April 2006; article 23C was inserted by SI 2009/1172 with effect from 1 June 2009; article 25 was substituted, together with articles 25A to 25D, for article 25 as originally enacted, by SI 2006/2004 with effect from 25 July 2006. There are other amendments but none is relevant.

(5) In article 25A (conditions to be met by stand-alone lump sums), omit paragraph (5).

*Angela Watkinson  
Jeremy Wright*

20th July 2011

Two of the Lords Commissioners of Her Majesty's Treasury

### **EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order amends the Taxation of Pension Schemes (Transitional Provisions) Order 2006 (S.I. 2006/572), in consequence of the amendments made to the Finance Act 2004 ("FA 2004") by the Finance Act 2011 ("FA 2011").

Schedule 18 to FA 2011 reduces the standard lifetime allowance from £1.8M to £1.5M with effect from 6 April 2012. The amendments contained in article 2(2) are consequential on this provision and have effect from 6 April 2012. The opportunity is also taken to rectify a typographical error contained in article 23(2).

Schedule 16 to FA 2011 amends FA 2004 so as to remove the requirement to purchase an annuity at age 75 with effect from 6 April 2011. The amendments contained in article 2(3), (4) and (5) are consequential on this provision and have retrospective effect from 6 April 2011 pursuant to the powers contained in sections 282(A1) of FA 2004.

A Tax Information and Impact Note covering this instrument was published on 9 December 2010 alongside draft legislation for the Finance (No.3) Bill 2011 concerning the restriction of pensions tax relief. This was updated on 3 March 2011 to reflect further decisions relating to the restriction of pensions tax relief. A separate Tax Information and Impact Note covering the removal of the effective requirement to annuitise by age 75 was published on 9 December 2010. Both TIINs are available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>. They each remain an accurate summary of the impacts of this instrument.

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