
STATUTORY INSTRUMENTS

2023 No. 912

The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No. 2) Regulations 2023

PART 2

Annual allowance

Chapter 1 schemes: additional pension commencement lump sum unavailable after voluntary contributions rights extinguished or varied

5.—(1) Paragraph (3) applies where—

- (a) before the relevant time, an individual was paid a pension commencement lump sum⁽¹⁾ under a Chapter 1 scheme,
- (b) that lump sum was paid in connection with rights (“original rights”) in respect of an arrangement under that scheme to additional benefits, or to the earlier payment of benefits, that were secured by the payment of voluntary contributions, and
- (c) as a result of scheme regulations made by virtue of section 20 of PSPJOA 2022—
 - (i) later rights are created in an arrangement under the relevant Chapter 1 legacy scheme, or
 - (ii) original rights or later rights are varied (“varied rights”).

(2) In paragraph (1)—

“later rights” means rights that represent either—

- (a) rights of an equivalent value to the original rights that were extinguished by scheme regulations made by virtue of section 20 of PSPJOA 2022, or
- (b) rights that would have been secured under the relevant Chapter 1 legacy scheme if the voluntary contributions connected to the original rights had, instead, been paid to that scheme in respect of that individual.

“the relevant time” means the time at which section 2(1) of PSPJOA 2022 (remediable service treated as pensionable under Chapter 1 legacy schemes) comes into force.

(3) After the relevant time, the relevant Chapter 1 legacy scheme is to be treated as making an unauthorised payment⁽²⁾ to the individual, or to the individual’s personal representatives, if it pays a pension commencement lump sum in connection with later rights or varied rights.

(1) By virtue of regulation 2(2)(b), “pension commencement lump sum” is defined in paragraph 1 of Schedule 29 to FA 2004. Paragraph 1 was amended by paragraph 34 of Schedule 10 to FA 2005 (c. 7), paragraph 11(2) of Schedule 20 to FA 2007 (c. 11), paragraph 24(2) and paragraph 79(2) of Schedule 16 to FA 2011, section 51 of FA 2013 (c. 29), paragraph 21(2) of Schedule 5 to FA 2021 (c. 26) and section 24(7) of F(No. 2)A 2023.

(2) By virtue of regulation 2(2)(b), “unauthorised payment” is defined in section 160(5) of FA 2004.