

Taxation of Pensions Bill

EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by HM Treasury and HM Revenue and Customs, are published separately as Bill 97 – EN.

EUROPEAN CONVENTION ON HUMAN RIGHTS

Mr Chancellor of the Exchequer has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Taxation of Pensions Bill are compatible with the Convention rights.

Taxation of Pensions Bill

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Make provision in connection with the taxation of pensions.

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Provision for pension flexibility etc

The Schedule has effect. In the Schedule—

Part 1 contains provision about flexibly accessing certain drawdown funds,

Part 2 contains provision about removing certain restrictions relating to annuities to which individuals become entitled on or after 6 April 2015, 5

Part 3 contains provision about authorising one-off pension payments not made through a drawdown fund,

Part 4 contains provision about charging the annual allowance charge, in cases where an individual has flexibly accessed pension rights, on inputs in respect of money purchase arrangements (and some hybrid arrangements) so far as they exceed £10,000 in a tax year, 10

Part 5 contains further provision in connection with the taxation of pensions,

Part 6 contains provision about the giving of information, and 15

Part 7 contains provision about overseas pensions.

2 Restriction and reduction of tax charges on certain lump sums

(1) Chapter 5 of Part 4 of FA 2004 (registered pension schemes: tax charges) is amended as follows.

(2) In section 206(1) (special lump sum death benefits charge arises where certain lump sums are paid by a registered pension scheme) after “registered pension scheme” insert “in respect of a member who had reached the age of 75 at the date of the member’s death”. 20

(3) In section 206(4) (special lump sum death benefits charge: rate of charge) for “55%” substitute “45%”. 25

- (4) In section 205A(4) (serious ill-health lump sum charge: rate of charge) for “55%” substitute “45%”.
- (5) The amendments made by this section apply to lump sums paid on or after 6 April 2015.

3 Citation, interpretation and consequential amendments

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- (1) This Act may be cited as the Taxation of Pensions Act 2014.
- (2) In this Act—
 - (a) “FA”, followed by a year, means the Finance Act of that year, and
 - (b) “ITEPA 2003” means the Income Tax (Earnings and Pensions) Act 2003.
- (3) The Commissioners for Her Majesty’s Revenue and Customs may by regulations make such amendments of Part 4 of FA 2004, or Part 9 of ITEPA 2003, as the Commissioners consider appropriate in consequence of this Act. 10
- (4) For the purposes of section 282 of FA 2004 and section 1014 of the Income Tax Act 2007 (orders and regulations), the power under subsection (3) of this section is treated as a power under Part 4 of FA 2004 (so that section 282, and not section 1014, applies in relation to regulations made under subsection (3)). 15

SCHEDULE

Section 1

PENSION FLEXIBILITY ETC

PART 1

DRAWDOWN PENSIONS

- Annual cap on pension drawdown abolished for flexi-access drawdown funds* 5
- 1 In section 165(1) of FA 2004 (the pension rules) in pension rule 5 (annual cap on drawdown pension) after “in each drawdown pension year” insert “from, or under a short-term annuity purchased using sums or assets out of, the member’s drawdown pension fund”.
- 2 In paragraph 8(1A) of Schedule 28 to FA 2004 (meaning of “member’s drawdown pension fund”: funds designated as available for drawdown) – 10
- (a) in the opening words omit “they”,
- (b) in paragraph (a) for “have been designated at any time” substitute “they have, at any time before 6 April 2015, been designated”,
- (c) before the “or” at the end of paragraph (a) insert – 15
- “(aa) they have, at any time on or after 6 April 2015, been designated under the arrangement as available for the payment of drawdown pension, and –
- (i) sums or assets held for the purposes of the arrangement have, at any time before 6 April 2015, been designated under the arrangement as so available, and 20
- (ii) section 165(3A) did not apply to the arrangement immediately before 6 April 2015,”, and 25
- (d) in paragraph (b) –
- (i) at the beginning insert “they”, and
- (ii) for “sums or assets which have been so designated or” substitute “member-designated funds under paragraph (a) or (aa) or from sums or assets”. 30
- Flexi-access drawdown funds*
- 3 (1) In Schedule 28 to FA 2004 after paragraph 8 insert –
- “*Member’s flexi-access drawdown fund*
- 8A (1) For the purposes of this Part the member’s flexi-access drawdown fund in respect of an arrangement consists of such of the sums or assets held for the purposes of the arrangement as are newly-designated funds. 35

- (2) For the purposes of this Part sums or assets held for the purposes of an arrangement are newly-designated funds if –
- (a) they –
 - (i) have, at any time on or after 6 April 2015, been designated under the arrangement as available for the payment of drawdown pension, and 5
 - (ii) are not member-designated funds, or
 - (b) they were member-designated funds immediately before 6 April 2015 and section 165(3A) applied to the arrangement at that time, or 10
 - (c) they have become newly-designated funds by the operation of paragraph 8B, 8C or 8D, or
 - (d) they arise, or (directly or indirectly) derive, from newly-designated funds under paragraph (a), (b) or (c) or from sums or assets which so arise or derive. 15
- (3) Any sums or assets that become newly-designated funds under sub-paragraph (2)(b) cease to be member-designated funds as from the start of 6 April 2015.

Conversion of certain drawdown pension funds into flexi-access drawdown funds

- 8B (1) Sub-paragraph (2) applies if – 20
- (a) a member’s drawdown pension fund in respect of an arrangement came into being before 6 April 2015,
 - (b) section 165(3A) did not apply to the arrangement immediately before 6 April 2015, and
 - (c) at a time on or after 6 April 2015, a payment – 25
 - (i) of income withdrawal from the fund, or
 - (ii) of a short-term annuity purchased using sums or assets out of the fund,
 is made that (apart from sub-paragraph (2)) would breach the cap. 30
- (2) The sums and assets that make up the fund immediately before the payment is made become newly-designated funds immediately before the payment is made (so that the payment is made out of the member’s flexi-access drawdown fund in respect of the arrangement and therefore is not part of the total capped by pension rule 5). 35
- (3) For the purposes of sub-paragraph (1)(c), a payment of drawdown pension in respect of an arrangement is one that would breach the cap if, when its amount is added to the amounts of any drawdown pension in respect of the arrangement – 40
- (a) paid –
 - (i) before it is made, but
 - (ii) in the same drawdown pension year in respect of the arrangement, or
 - (b) paid at the time it is made, 45
- the total is greater than the cap set by pension rule 5 for that drawdown pension year.

- 8C (1) Sub-paragraph (2) applies if –

- (a) a member’s drawdown pension fund in respect of an arrangement came into being before 6 April 2015,
 - (b) section 165(3A) did not apply to the arrangement immediately before 6 April 2015, and
 - (c) the member notifies the scheme administrator that the member wishes the fund to become the member’s flexi-access drawdown fund in respect of the arrangement. 5
 - (2) At—
 - (a) the time the scheme administrator accepts the notification, or 10
 - (b) the start of 6 April 2015 if that is later,the sums and assets that then make up that fund become newly-designated funds, if they have not previously done so by the operation of paragraph 8B.
- 8D (1) Sub-paragraphs (2) and (3) apply if— 15
 - (a) there is a recognised transfer from one registered pension scheme (“the old scheme”) to another registered pension scheme (“the new scheme”) of member-designated funds held for the purposes of an arrangement under the old scheme, and 20
 - (b) the sums or assets transferred are, under the arrangement under the new scheme for whose purposes they are first held after the transfer, designated as available for the payment of drawdown pension.
- (2) If the member, when or before making the designation, notifies the scheme administrator of the new scheme that the member wishes the sums or assets to be newly-designated funds, the sums or assets become newly-designated funds and do so— 25
 - (a) when the designation is made, or
 - (b) if later, immediately after the transfer, 30except that, if both the designation and transfer are made before 6 April 2015, the sums or assets become newly-designated funds at the start of 6 April 2015.
- (3) If sub-paragraph (2) does not provide for the sums or assets to become newly-designated funds, the sums or assets become member-designated funds and do so— 35
 - (a) when the designation is made, or
 - (b) if later, immediately after the transfer.”
- (2) Sub-paragraph (1), so far as it inserts the new paragraph 8D, has effect in relation to— 40
 - (a) cases where both the designation and transfer are made after the end of 2 months beginning with the day on which this Act is passed, and
 - (b) cases not within paragraph (a) where—
 - (i) the transfer is made before 6 April 2015 and the designation is made on or after 6 April 2015, or 45
 - (ii) the designation is made before 6 April 2015 and the transfer is made on or after 6 April 2015.

4 (1) In Schedule 28 to FA 2004 after paragraph 22 insert –

“Dependant’s flexi-access drawdown fund

- 22A (1) For the purposes of this Part a dependant’s flexi-access drawdown fund in respect of an arrangement consists of such of the sums or assets held for the purposes of the arrangement as are newly-designated dependant funds. 5
- (2) For the purposes of this Part sums or assets held for the purposes of an arrangement are newly-designated dependant funds if –
- (a) they –
- (i) have, at any time on or after 6 April 2015, been designated under the arrangement as available for the payment of dependants’ drawdown pension, and 10
- (ii) are not dependant-designated funds, or
- (b) they were dependant-designated funds immediately before 6 April 2015 and section 167(2A) applied to the arrangement at that time, or 15
- (c) they have become newly-designated dependant funds by the operation of paragraph 22B, 22C or 22D, or
- (d) they arise, or (directly or indirectly) derive, from newly-designated dependant funds under paragraph (a), (b) or (c) or from sums or assets which so arise or derive. 20
- (3) Any sums or assets that become newly-designated dependant funds under sub-paragraph (2)(b) cease to be dependant-designated funds as from the start of 6 April 2015. 25

Conversion of certain dependants’ drawdown funds into flexi-access drawdown funds

- 22B (1) Sub-paragraph (2) applies if –
- (a) a dependant’s drawdown pension fund in respect of an arrangement came into being before 6 April 2015,
- (b) section 167(2A) did not apply to the arrangement immediately before 6 April 2015, and 30
- (c) at a time on or after 6 April 2015, a payment –
- (i) of dependants’ income withdrawal from the fund, or
- (ii) of a dependants’ short-term annuity purchased using sums or assets out of the fund, 35
- is made that (apart from sub-paragraph (2)) would breach the cap.
- (2) The sums and assets that make up the fund immediately before the payment is made become newly-designated dependant funds immediately before the payment is made (so that the payment is made out of the dependant’s flexi-access drawdown fund in respect of the arrangement and therefore is not part of the total capped by pension death benefit rule 4). 40
- (3) For the purposes of sub-paragraph (1)(c), a payment of dependants’ drawdown pension in respect of an arrangement is 45

- one that would breach the cap if, when its amount is added to the amounts of any dependants' drawdown pension in respect of the arrangement –
- (a) paid –
 - (i) before it is made, but 5
 - (ii) in the same drawdown pension year in respect of the arrangement, or
 - (b) paid at the time it is made,
the total is greater than the cap set by pension death benefit rule 4 for that drawdown pension year. 10
- 22C (1) Sub-paragraph (2) applies if –
- (a) a dependant's drawdown pension fund in respect of an arrangement came into being before 6 April 2015,
 - (b) section 167(2A) did not apply to the arrangement immediately before 6 April 2015, and 15
 - (c) the dependant notifies the scheme administrator that the dependant wishes the fund to become the dependant's flexi-access drawdown fund in respect of the arrangement.
- (2) At –
- (a) the time the scheme administrator accepts the notification, or
 - (b) the start of 6 April 2015 if that is later,
the sums and assets that then make up that fund become newly-designated dependant funds, if they have not previously done so by the operation of paragraph 22B. 25
- 22D (1) Sub-paragraphs (2) and (3) apply if –
- (a) there is a recognised transfer from one registered pension scheme ("the old scheme") to another registered pension scheme ("the new scheme") of dependant-designated funds held for the purposes of an arrangement under the old scheme, and 30
 - (b) the sums or assets transferred are, under the arrangement under the new scheme for whose purposes they are first held after the transfer, designated as available for the payment of drawdown pension. 35
- (2) If the dependant, when or before the designation is made, notifies the scheme administrator of the new scheme that the dependant wishes the sums or assets to be newly-designated dependant funds, the sums or assets become newly-designated dependant funds and do so – 40
- (a) when the designation is made, or
 - (b) if later, immediately after the transfer,
except that, if both the designation and transfer are made before 6 April 2015, the sums or assets become newly-designated dependant funds at the start of 6 April 2015. 45
- (3) If sub-paragraph (2) does not provide for the sums or assets to become newly-designated dependant funds, the sums or assets become dependant-designated funds and do so –
- (a) when the designation is made, or

- (b) if later, immediately after the transfer.”
- (2) Sub-paragraph (1), so far as it inserts the new paragraph 22D, has effect in relation to—
- (a) cases where both the designation and transfer are made after the end of 2 months beginning with the day on which this Act is passed, and 5
 - (b) cases not within paragraph (a) where—
 - (i) the transfer is made before 6 April 2015 and the designation is made on or after 6 April 2015, or
 - (ii) the designation is made before 6 April 2015 and the transfer is made on or after 6 April 2015. 10

Further drawdown amendments

- 5 FA 2004 is amended as follows.
- 6 In section 167(1) (the pension death benefit rules) in pension death benefit rule 4 (annual cap on dependants’ drawdown pension) after “in each drawdown pension year” insert “from, or under a dependants’ short-term annuity purchased using sums or assets out of, the dependant’s drawdown pension fund”. 15
- 7 In section 168(1), in the lump sum death benefit rule, after paragraph (e) insert—
- “(ea) a flexi-access drawdown fund lump sum death benefit,”. 20
- 8 In section 169(1D) (regulations about transfers of drawdown funds) after paragraph (a) insert “or
- (aa) a member’s flexi-access drawdown fund or dependant’s flexi-access drawdown fund,”.
- 9 In section 172B(2) (rights of a “relevant member”)— 25
- (a) omit the “or” at the end of paragraph (aa), and
 - (b) after paragraph (b) insert “, or
 - (c) rights representing the member’s flexi-access drawdown fund or dependant’s flexi-access drawdown fund in respect of an arrangement under the pension scheme.” 30
- 10 In section 172B(7A) (section does not apply to certain increases in rights) after “dependant’s drawdown pension fund” (in both places) insert “or dependant’s flexi-access drawdown fund”.
- 11 In section 182(3) (value of arrangement for purposes of borrowing limits)— 35
- (a) after paragraph (a) insert—
 - “(aa) the amount of such of the sums and the market value of such of the assets as represent the member’s flexi-access drawdown fund in respect of the arrangement (if any),”, and 40
 - (b) in paragraph (b) after “dependants’ drawdown pension funds” insert “or dependants’ flexi-access drawdown funds”.
- 12 In section 182(5) (determining whether rights are uncrystallised) after “the person’s drawdown pension fund” insert “or the person’s flexi-access drawdown fund”. 45

13	In section 206(1) (payments which trigger special lump sum death benefits charge) – (a) omit the “or” at the end of paragraph (b), and (b) after paragraph (c) insert “or (d) a flexi-access drawdown fund lump sum death benefit,”.	5
14	In section 211(1) (value of crystallised rights for purposes of section 210) – (a) omit the “and” at the end of paragraph (a), and (b) after paragraph (b) insert “, and (c) the aggregate of the amount of the sums, and the market value of the assets, representing the member’s flexi-access drawdown fund in respect of the arrangement on that date (if any).”	10
15	In section 212(2) (value of uncrystallised rights for purposes of section 210: rights which are not uncrystallised) after “the member’s drawdown pension fund” insert “or the member’s flexi-access drawdown fund”.	15
16	In section 216(1) (benefit crystallisation events and amounts crystallised), in column 2 of the entry in the table for benefit crystallisation event 5A, after “representing the individual’s drawdown pension fund under the arrangement” insert “(if any), plus the aggregate of the amount of the sums and the market value of the assets representing the individual’s flexi-access drawdown fund under the arrangement (if any),”.	20
17	In section 273A(1) (regulations about certain payments by insurance companies) – (a) omit the “or” at the end of paragraph (b), and (b) after paragraph (c) insert “or (d) a flexi-access drawdown fund lump sum death benefit,”.	25
18	In section 280(2) (index of defined expressions) at the appropriate places insert – “dependant’s flexi-access drawdown fund paragraph 22A of Schedule 28” “flexi-access drawdown fund lump sum death benefit paragraph 17A of Schedule 29” “member’s flexi-access drawdown fund paragraph 8A of Schedule 28”	35
19	In paragraph 7 of Schedule 28 (meaning of “income withdrawal”) at the end insert “or from the member’s flexi-access drawdown fund in respect of an arrangement”.	
20	In paragraph 21 of Schedule 28 (meaning of “dependants’ income withdrawal”) at the end insert “or from the dependant’s flexi-access drawdown fund in respect of an arrangement”.	40

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- 21 In paragraph 22(2) of Schedule 28 (meaning of “dependant’s drawdown pension fund”: funds designated as available for dependants’ drawdown pension) –
- (a) in the opening words omit “they”,
 - (b) in paragraph (a) for “have been designated at any time” substitute “they have, at any time before 6 April 2015, been designated”, 5
 - (c) before the “or” at the end of paragraph (a) insert –
 - “(aa) they have, at any time on or after 6 April 2015, been designated under the arrangement as available for the payment of dependants’ drawdown pension to the dependant, and – 10
 - (i) sums or assets held for the purposes of the arrangement have, at any time before 6 April 2015, been designated under the arrangement as so available, and 15
 - (ii) section 167(2A) did not apply to the arrangement immediately before 6 April 2015,” and
 - (d) in paragraph (b) –
 - (i) at the beginning insert “they”, and 20
 - (ii) for “sums or assets which have been so designated or” substitute “dependant-designated funds under paragraph (a) or (aa) or from sums or assets”.
- 22 In paragraph 3(5)(a) and (8)(a) of Schedule 29 (deductions when calculating “applicable amount”) after “of the member’s drawdown pension fund” insert “or of the member’s flexi-access drawdown fund”. 25
- 23 In paragraph 17 of Schedule 29 (meaning of “drawdown pension fund lump sum death benefit”) –
- (a) in sub-paragraph (1)(a) for “under” substitute “to be paid from the member’s drawdown pension fund in respect of”, and 30
 - (b) in sub-paragraph (2)(c) after “at the date of the dependant’s death” insert “to be paid from the dependant’s drawdown pension fund”.
- 24 In Schedule 29 after paragraph 17 insert –
- “Flexi-access drawdown fund lump sum death benefit*
- 17A (1) For the purposes of this Part a lump sum death benefit is a flexi-access drawdown fund lump sum death benefit if – 35
- (a) it is paid in respect of income withdrawal to which the member was entitled to be paid from the member’s flexi-access drawdown fund in respect of an arrangement at the date of the member’s death, and 40
 - (b) it is not a charity lump sum death benefit.
- (2) A lump sum death benefit is also a flexi-access drawdown fund lump sum death benefit if –
- (a) it is paid on the death of a dependant of the member,
 - (b) it is paid in respect of dependants’ income withdrawal to which the dependant was at the date of the dependant’s death entitled to be paid from the dependant’s flexi-access 45

- drawdown fund in respect of an arrangement relating to the member, and
- (c) it is not a charity lump sum death benefit.
- (3) But if the amount of a lump sum falling within sub-paragraph (1) or (2) exceeds the permitted maximum, the excess is not a flexi-access drawdown fund lump sum death benefit. 5
- (4) The permitted maximum is the aggregate of –
- (a) the amount of the sums, and
- (b) the market value of the assets, 10
- representing the member’s or dependant’s flexi-access drawdown fund in respect of the arrangement immediately before the payment is made.”
- 25 In paragraph 18 of Schedule 29 (meaning of “charity lump sum death benefit”) –
- (a) in sub-paragraph (1)(c) after “in respect of an arrangement” insert “, or in respect of the member’s flexi-access drawdown fund in respect of an arrangement,” 15
- (b) in sub-paragraph (2)(d) after “dependant’s drawdown pension fund” insert “, or the dependant’s flexi-access drawdown fund,” and
- (c) in sub-paragraph (4) after “drawdown pension fund” insert “, or flexi-access drawdown fund,”. 20
- 26 In paragraph 4(1) of Schedule 32 (supplementary provision about benefit crystallisation event 4) at the end insert “or flexi-access drawdown fund”.
- 27 In paragraph 17(2) of Schedule 32 (supplementary provision about benefit crystallisation event 8) after “the individual’s drawdown pension fund” insert “or flexi-access drawdown fund”. 25
- 28 (1) In paragraph 20(4) of Schedule 36 (lifetime allowance: deemed crystallisation: value of rights to pre-5 April 2006 drawdown pensions) –
- (a) in paragraph (b) (arrangements where section 165(3A) of FA 2004 applies) for “applies” substitute “applied at any time before 6 April 2015”, and 30
- (b) after paragraph (b) insert “, or
- (c) in the case of an arrangement to which section 165(3A) never applied but only if the time falls after the member’s drawdown pension fund in respect of the arrangement is converted into the member’s flexi-access drawdown fund in respect of the arrangement by the operation of any of paragraphs 8B to 8D of Schedule 28, 80% of the maximum amount that could have been paid in accordance with pension rule 5 in the drawdown pension year in which the conversion occurs had no conversion happened in that year by the operation of any of paragraphs 8B to 8D of Schedule 28.” 35 40
- (2) The amendments made by sub-paragraph (1) come into force on 6 April 2015. 45
- 29 In paragraph 29(3) of Schedule 36 (modifications of paragraph 3 of Schedule 29 for cases involving protected lump sum rights), in the sub-paragraph

(5)(a) treated as substituted in paragraph 3 of Schedule 29, after “member’s drawdown pension fund” insert “or flexi-access drawdown fund”.

Related amendment in the Pension Benefits Regulations 2006

- 30 (1) In regulation 2(1) of the Pension Benefits (Insurance Company Liab as Scheme Administrator) Regulations 2006 (S.I. 2006/136) (payments in relation to which the insurance company is liable as scheme administrator) – 5
- (a) omit the “or” at the end of sub-paragraph (b), and
 - (b) after sub-paragraph (c) insert “, or
 - (d) a flexi-access drawdown fund lump sum death benefit.” 10
- (2) The amendment made by sub-paragraph (1) is to be treated as having been made by the Commissioners for Her Majesty’s Revenue and Customs in exercise of their powers under section 273A of FA 2004 (as amended by this Schedule).

Related amendment in Part 9 of ITEPA 2003 15

- 31 In section 636A of ITEPA 2003 (taxation of pension lump sums) –
- (a) in subsection (4) (lump sum taxable under section 206 of FA 2004 but not otherwise) omit the “or” at the end of paragraph (b), and after paragraph (c) insert “or
 - (d) a flexi-access drawdown fund lump sum death benefit,” and 20
 - (b) in subsection (7) (definitions) after ““drawdown pension fund lump sum death benefit,”” insert –
 - ““flexi-access drawdown fund lump sum death benefit,””.
- 25

Repeal and revocation of provisions relating to pre-6 April 2015 flexible drawdown

- 32 (1) In FA 2004 omit –
- (a) in section 165(1), in pension rule 5, the second sentence,
 - (b) section 165(3A) and (3B),
 - (c) in section 167(1), in pension death benefit rule 4, the second sentence, 30
 - (d) section 167(2A) and (2B),
 - (e) in Schedule 28 –
 - (i) paragraph 10(11),
 - (ii) paragraph 10A(11),
 - (iii) paragraphs 14A to 14E, 35
 - (iv) paragraph 24(11),
 - (v) paragraph 24A(9), and
 - (vi) paragraphs 24C to 24G, and
 - (f) in Schedule 34, paragraph 4A.
- (2) In consequence of sub-paragraph (1), in Schedule 16 to FA 2011 omit paragraphs 1(3), 8(12), 10, 11(3), 18(12), 20 and 81(3). 40
- (3) The Registered Pension Schemes (Prescribed Requirements of Flexible Drawdown Declaration) Regulations 2011 (S.I. 2011/1792) are revoked.

- (4) The amendments made by sub-paragraphs (1) to (3) come into force on 6 April 2015.

Related amendments in regulations

- 33 (1) The Pension Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006 (S.I. 2006/207) are amended as follows. 5
- (2) In regulations 6 and 7 omit paragraph (b) and the “and” preceding it.
- (3) In regulation 14(3) –
- (a) after paragraph (b) insert –
- “(ba) paragraphs 8C and 8D (in each place where the expression occurs);”, 10
- (b) omit paragraph (da),
- (c) after paragraph (e) insert –
- “(ea) paragraphs 22C and 22D (in each place where the expression occurs);”, and
- (d) omit paragraph (fc). 15
- (4) The amendments made by sub-paragraphs (2) and (3) come into force on 6 April 2015.
- (5) The amendments made by sub-paragraph (3)(a) and (c) are to be treated as having been made by the Commissioners for Her Majesty’s Revenue and Customs under such of the powers conferred on them by Schedule 34 to FA 2004 (as amended by this Schedule) as are applicable. 20
- 34 (1) Regulation 12 of the Registered Pension Schemes (Transfer of Sums and Assets) Regulations 2006 (S.I. 2006/499) (drawdown funds – recognised transfers) is amended as follows.
- (2) In the heading after “fund” (in both places) insert “or flexi-access drawdown fund”. 25
- (3) In paragraph (1) (transfer recognised only if transferred items are only items held under arrangement to which transfer made) after “represent a” insert “member’s flexi-access drawdown fund, dependant’s flexi-access drawdown fund,”. 30
- (4) In paragraph (2) (transferred items treated for certain purposes as remaining held under fund from which transfer made) before sub-paragraph (a) insert –
- “(za) in the case of a member’s flexi-access drawdown fund, in the entries in table 3 for provisions not in Schedule 28,”. 35
- (5) In table 3, in the heading, after “Prescribed purposes –” insert “member’s flexi-access drawdown fund or”.
- (6) In table 3 omit the entry for section 165(3A) of FA 2004.
- (7) In table 4 omit the entry for section 167(2A) of FA 2004.
- (8) The amendments made by this paragraph – 40
- (a) come into force on 6 April 2015, and
- (b) are to be treated as having been made by the Commissioners for Revenue and Customs under the powers to make regulations

conferred by section 169(1D) and (1E) of FA 2004 (as amended by this Schedule).

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|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 35 | (1) The Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567) are amended as follows. | |
| | (2) In the table in regulation 3(1), omit the entry for reportable event 21 (reporting that section 165(3A) or 167(2A) of FA 2004 applies). | 5 |
| | (3) Omit regulation 5B (reports for the tax year 2011-12). | |
| | (4) In regulation 16(1) (information for insurance company provided with funds otherwise than from a drawdown pension fund) after “drawdown pension fund” insert “or flexi-access drawdown fund”. | 10 |
| | (5) In regulation 17(1) (information for insurance company provided with funds from a drawdown pension fund) after “drawdown pension fund” insert “or flexi-access drawdown fund”. | |
| | (6) In regulation 17(2) and (4) after “of the member’s drawdown pension fund” insert “or of the member’s flexi-access drawdown fund”. | 15 |
| | (7) The amendments made by sub-paragraphs (4) to (6) are to be treated as having been made by the Commissioners for Her Majesty’s Revenue and Customs under such of the powers cited in the instrument containing the Regulations as are applicable. | |
| | (8) In consequence of sub-paragraph (2), omit regulation 4(9) of the Registered Pension Schemes (Provision of Information) (Amendment) (No. 2) Regulations 2011 (S.I. 2011/1797). | 20 |
| | (9) In consequence of sub-paragraph (3), omit regulation 5 of those 2011 Regulations. | |
| | (10) The amendments made by sub-paragraphs (2) and (8) have effect in relation to reports for the tax year 2015-16 and subsequent tax years. | 25 |
| | (11) The amendments made by sub-paragraphs (3) and (9) come into force on 6 April 2015 but without prejudice to the continued operation of the revoked provisions in relation to reports for the tax year 2011-12. | |
| | (12) The amendments made by sub-paragraphs (4) to (6) come into force on 6 April 2015. | 30 |

PART 2

ANNUITIES

Reduction of restrictions on new annuities

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 36 | Schedule 28 to FA 2004 (registered pension schemes) is amended as follows. | 35 |
| 37 | In paragraph 3 (definition of member’s lifetime annuity) after sub-paragraph (1) insert – | |
| | “(1A) For the purposes of this Part, but subject to any provision made under sub-paragraph (2C)(za), an annuity payable to the member is also a lifetime annuity if – | 40 |
| | (a) it is payable by an insurance company, | |

- (b) the member becomes entitled to it on or after 6 April 2015, and
 - (c) it is payable until the member’s death or until the later of the member’s death and the end of a term certain.”
- 38 In paragraph 6 (definition of member’s short-term annuity) after sub-paragraph (1) insert – 5
 - “(1ZA) For the purposes of this Part, but subject to any provision made under sub-paragraph (1C)(za), an annuity payable to the member is also a short-term annuity if –
 - (a) it is purchased by the application of sums or assets representing the whole or any part of the member’s drawdown pension fund, or of the member’s flexi-access drawdown fund, in respect of an arrangement, 10
 - (b) it is payable by an insurance company,
 - (c) the member becomes entitled to it on or after 6 April 2015, and 15
 - (d) it is payable for a term which does not exceed five years.”
- 39 In paragraph 17 (definition of dependants’ annuity) after sub-paragraph (1) insert – 20
 - “(1ZA) For the purposes of this Part, but subject to any provision made under sub-paragraph (4)(za), an annuity payable to a dependant is also a dependants’ annuity if –
 - (a) either –
 - (i) it is purchased together with a lifetime annuity payable to the member and the member becomes entitled to that lifetime annuity on or after 6 April 2015, or 25
 - (ii) it is purchased after the member’s death and the dependant becomes entitled to it on or after 6 April 2015, 30
 - (b) it is payable by an insurance company,
 - (c) where the dependant is not the member’s child, it is payable until the dependant’s death or until the earliest of the dependant’s marrying, entering into a civil partnership or dying, and 35
 - (d) where the dependant is the member’s child, it is payable until the earlier of the dependant’s ceasing to be a dependant or dying, or until the earliest of the dependant’s marrying, entering into a civil partnership, ceasing to be a dependant or dying.” 40
- 40 In paragraph 20 (definition of dependants’ short-term annuity) after sub-paragraph (1) insert –
 - “(1ZA) For the purposes of this Part, but subject to any provision made under sub-paragraph (1C)(za), an annuity payable to a dependant is also a dependants’ short-term annuity if – 45
 - (a) it is purchased by the application of sums or assets representing the whole or any part of the dependant’s drawdown pension fund, or of the dependant’s flexi-access drawdown fund, in respect of an arrangement,

- (b) it is payable by an insurance company,
- (c) the dependant becomes entitled to it on or after 6 April 2015, and
- (d) it is payable for a term which does not exceed five years and ends before the dependant dies.” 5

Further annuities amendments

- 41 In section 165(1) of FA 2004 (the pension rules) in pension rule 2 (death of a member) –
- (a) in the first sentence after “an annuity,” insert “and if in the case of an annuity that day was before 6 April 2015,” 10
 - (b) after that sentence insert –
 - “If the member becomes entitled to an annuity on or after 6 April 2015 and the annuity is payable until the later of the member’s death and the end of a term certain, payment of the annuity may continue to be made (to any person) until the end of that term.”, and 15
 - (c) in the final sentence for “But no other” substitute “Except as provided by the preceding provisions of this rule, no”.
- 42 Schedule 28 to FA 2004 (registered pension schemes) is further amended as follows. 20
- 43 In paragraph 3(1) (definition of member’s lifetime annuity) after paragraph (b) insert –
- “(ba) the member becomes entitled to it before 6 April 2015,”.
- 44 (1) In paragraph 3(2C) (regulations for cases where lifetime annuity ceases and funds are transferred) – 25
- (a) before paragraph (a) insert –
 - “(za) in a case where –
 - (i) a new annuity becomes payable,
 - (ii) the member becomes entitled to it on or after 6 April 2015, 30
 - (iii) it would be a lifetime annuity if any provision made under this paragraph were ignored,
 - (iv) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases (see sub-paragraph (2E)), and 35
 - (v) any other conditions prescribed by the regulations are met,
 - the new annuity is not a lifetime annuity for the purposes of this Part,”, and 40
 - (b) in paragraph (b) for “any other case” substitute “a case other than one where a new lifetime annuity becomes payable”.
- (2) In paragraph 3 after sub-paragraph (2D) insert –
- “(2E) In sub-paragraph (2C)(za)(iv) “allowed decreases” means decreases from time to time allowed by regulations under sub-

- paragraph (1)(d); and any such regulations are to be treated as having effect for this purpose.”
- 45 In paragraph 6(1) (definition of member’s short-term annuity) after paragraph (c) insert—
“(ca) the member becomes entitled to it before 6 April 2015,”. 5
- 46 (1) In paragraph 6(1C) (regulations for cases where short-term annuity ceases and funds are transferred) —
(a) before paragraph (a) insert—
“(za) in a case where—
(i) a new annuity becomes payable, 10
(ii) the member becomes entitled to it on or after 6 April 2015,
(iii) it would be a short-term annuity if any provision made under this paragraph were ignored, 15
(iv) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases (see sub-paragraph (1E)), and
(v) any other conditions prescribed by the regulations are met, 20
the new annuity is not a short-term annuity for the purposes of this Part,” and
(b) in paragraph (b) for “any other case” substitute “a case other than one where a new short-term annuity becomes payable”. 25
- (2) In paragraph 6 after sub-paragraph (1D) insert—
“(1E) In sub-paragraph (1C)(za)(iv) “allowed decreases” means decreases from time to time allowed by regulations under sub-paragraph (1)(e); and any such regulations are to be treated as having effect for this purpose.” 30
- 47 In paragraph 17(1) (definition of dependants’ annuity) for paragraph (za) substitute—
“(za) either—
(i) it is purchased together with a lifetime annuity payable to the member and the member becomes entitled to that lifetime annuity before 6 April 2015, or 35
(ii) it is purchased after the member’s death and the dependant becomes entitled to it before 6 April 2015,”. 40
- 48 In paragraph 17(1A) for “sub-paragraph (1)(za)” substitute “sub-paragraphs (1)(za) and (1ZA)(a)”.
- 49 (1) In paragraph 17(4) (regulations for cases where dependants’ annuity ceases and funds are transferred) —
(a) before paragraph (a) insert— 45
“(za) in a case where—
(i) a new annuity becomes payable,

-
- (ii) the dependant becomes entitled to it on or after 6 April 2015,
 - (iii) it would be a dependants’ annuity if any provision made under this paragraph were ignored, 5
 - (iv) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases (see sub-paragraph (6)), and
 - (v) any other conditions prescribed by the regulations are met, 10
- the new annuity is not a dependants’ annuity for the purposes of this Part,” and
- (b) in paragraph (b) for “any other case” substitute “a case other than one where a new dependants’ annuity becomes payable”. 15
- (2) In paragraph 17 after sub-paragraph (5) insert –
- “(6) In sub-paragraph (4)(za)(iv) “allowed decreases” means decreases from time to time allowed by regulations under sub-paragraph (1)(c); and any such regulations are to be treated as having effect for this purpose.” 20
- 50 In paragraph 20(1) (definition of dependants’ short-term annuity) after paragraph (c) insert –
- “(ca) the dependant becomes entitled to it before 6 April 2015,”.
- 51 (1) In paragraph 20(1C) (regulations for cases where dependants’ short-term annuity ceases and funds are transferred) – 25
- (a) before paragraph (a) insert –
 - “(za) in a case where –
 - (i) a new annuity becomes payable,
 - (ii) the dependant becomes entitled to it on or after 6 April 2015, 30
 - (iii) it would be a dependants’ short-term annuity if any provision made under this paragraph were ignored,
 - (iv) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases (see sub-paragraph (1E)), and 35
 - (v) any other conditions prescribed by the regulations are met,

the new annuity is not a dependants’ short-term annuity for the purposes of this Part,” and 40
 - (b) in paragraph (b) for “any other case” substitute “a case other than one where a new dependants’ short-term annuity becomes payable”.
- (2) In paragraph 20 after sub-paragraph (1D) insert –
- “(1E) In sub-paragraph (1C)(za)(iv) “allowed decreases” means decreases from time to time allowed by regulations under sub-paragraph (1)(e); and any such regulations are to be treated as having effect for this purpose.” 45

Consequential amendment

- 52 In Schedule 16 to FA 2011 (benefits under pension schemes) in each of paragraphs 87 and 95 (entitlement to unsecured or alternatively secured pension on 5 April 2011) for “the reference” substitute “a reference”.

PART 3

5

PENSION PAYMENTS OUT OF UNCRYSTALLISED FUNDS

Definitions etc

- 53 Part 4 of FA 2004 is amended as follows.
- 54 In section 166(1) (lump sums which may be paid by registered pension scheme) in the lump sum rule after paragraph (b) insert – 10
“(ba) an uncrystallised funds pension lump sum,”.
- 55 In section 166(2) (when a person becomes entitled to a lump sum under a registered pension scheme) before the “and” at the end of paragraph (a) insert –
“(aa) in the case of an uncrystallised funds pension lump sum, immediately before it is paid,”. 15
- 56 In section 280(2) (index of defined expressions) after the entry for “uncrystallised funds lump sum death benefit” insert –
“uncrystallised funds pension paragraph 4A of Schedule 29” lump sum 20
- 57 In Schedule 29 (supplementary provision about authorised lump sums) after paragraph 4 insert –

“Uncrystallised funds pension lump sum

- 4A (1) For the purposes of this Part a lump sum is an uncrystallised funds pension lump sum if – 25
- (a) it is paid on or after 6 April 2015 in respect of a money purchase arrangement,
 - (b) it is paid when all or part of the member’s lifetime allowance is available,
 - (c) it is paid when the member has reached normal minimum pension age (or the ill-health condition is met), 30
 - (d) it is not a pension commencement lump sum,
 - (e) it is not a lump sum that, for the purposes of Part 9 of ITEPA 2003 (pension income), is treated by regulations under section 164(1)(f) and (2) as a trivial commutation lump sum paid to the member, 35
 - (f) immediately before the member becomes entitled to it, the sums or assets that are to be used to provide it –
 - (i) represent rights of the member under the scheme that are uncrystallised rights as defined by section 212(1) and (2), but 40

-
- (ii) do not to any extent represent rights attributable to a disqualifying pension credit, and
- (g) none of sub-paragraphs (3) to (5) applies to the member.
- (2) But if a lump sum falling within sub-paragraph (1) –
- (a) is paid when the member has not reached the age of 75, and
- (b) exceeds the member’s available lifetime allowance, the excess is not an uncrystallised funds pension lump sum. 5
- (3) This sub-paragraph applies to the member if –
- (a) paragraph 12 of Schedule 36 applies to the member (enhanced protection from 6 April 2006) immediately before the sum is paid, and
- (b) the lump sum condition (see paragraphs 24(2) and (3), 25 and 26 of Schedule 36) is met in relation to the member. 10
- (4) This sub-paragraph applies to the member if –
- (a) paragraph 7 of Schedule 36 makes provision for the operation of a lifetime allowance enhancement factor in relation to the member immediately before the sum is paid, and
- (b) the lump sum condition (see paragraphs 24(2) and (3), 25 and 26 of Schedule 36) is met in relation to the member. 15
- (5) This sub-paragraph applies to the member if –
- (a) any of the provisions listed in sub-paragraph (6) makes provision for the operation of a lifetime allowance enhancement factor in relation to the member immediately before the sum is paid, and
- (b) immediately before the sum is paid, the available portion of the member’s lump sum allowance for the purposes of paragraph 2 of Schedule 29 is nil or less than 25% of the sum. 20
- (6) The listed provisions are –
- (a) paragraph 7 of Schedule 36 (primary protection);
- (b) section 220 (pension credits from previously crystallised rights);
- (c) section 221 (non-residence arrangements); 30
- (d) section 224 (transfers from recognised overseas pensions schemes);
- (e) paragraph 18 of Schedule 36 (pre-commencement pension credits). 35
- (7) In paragraph (1)(f) “disqualifying pension credit” is to be read in accordance with paragraph 2(3) and (4). 40
- 58 In paragraph 12(2)(b) of Schedule 29 (conditions for treating the whole of the lump sum as paid when all or part of the member’s lifetime allowance is available) after “4(1),” insert “4A(1),”.
- 59 In paragraph 12(4) of Schedule 29 (exceptions to treating the whole of the lump sum as paid when all or part of the member’s lifetime allowance is

- available) before the “and” at the end of paragraph (a) insert –
- “(aa) in the case of a lump sum that would satisfy all the requirements of paragraph 4A(1) and is paid when the member has not reached the age of 75, to so much of it as would be prevented from being an uncrystallised funds pension lump sum by paragraph 4A(2),”.
- 60 In paragraph 12(5) of Schedule 29 (when an excess can be an authorised lump sum) after “1(2),” insert “4A(2),”.
- 61 In paragraph 15 of Schedule 32 (benefit crystallisation event 6: meaning of “relevant lump sum”) before the “or” at the end of paragraph (b) insert –
- “(ba) an uncrystallised funds pension lump sum,”.

Related amendments in Part 9 of ITEPA 2003

- 62 (1) Section 636A of ITEPA 2003 (taxation of pension lump sums) is amended as follows.
- (2) After subsection (1) insert –
- “(1A) In the case of an uncrystallised funds pension lump sum paid under a registered pension scheme when the member has not reached the age of 75 –
 - (a) no liability to income tax arises on 25% of the sum, and
 - (b) section 579A applies in relation to the other 75% of the sum as it applies to any pension under a registered pension scheme.
 - (1B) In the case of an uncrystallised funds pension lump sum paid under a registered pension scheme when the member has reached the age of 75 –
 - (a) if the member’s available lifetime allowance when the sum is paid is equal to or greater than the sum –
 - (i) no liability to income tax arises on 25% of the sum, and
 - (ii) section 579A applies in relation to the other 75% of the sum as it applies to any pension under a registered pension scheme, and
 - (b) if the member’s available lifetime allowance when the sum is paid is less than the sum –
 - (i) no liability to income tax arises on the part of the sum that is equal to 25% of the member’s available lifetime allowance when the sum is paid, and
 - (ii) section 579A applies in relation to the rest of the sum as it applies in relation to any pension under a registered pension scheme.
 - (1C) For the purposes of subsection (1B), the amount of the member’s available lifetime allowance when the sum is paid is what it is for the purposes of Part 4 of FA 2004 (see section 219 of FA 2004), but adjusted in accordance with the rules in paragraphs (a) and (b) of paragraph 12(1A) of Schedule 29 to FA 2004.”

- (3) In subsection (2) (subsection (1) does not limit operation of lifetime allowance charge) for “subsection (1) does” substitute “subsections (1) to (1B) do”.
- (4) In subsection (6) (definitions) after ““serious ill health lump sum”,” insert – ““uncrystallised funds pension lump sum”,”.

5

PART 4

ANNUAL ALLOWANCES

Basic structure of the annual allowance charge

- 63 (1) Section 227 of FA 2004 (pensions under registered pension schemes: annual allowance charge) is amended as follows. 10
- (2) In subsection (1) (imposition of the charge) for the words from “where” to the end substitute “where an individual who is a member of one or more registered pension schemes has a chargeable amount for a tax year.”
- (3) After subsection (1) insert –
- “(1A) The chargeable amount (if any) is to be determined in accordance with section 227ZA.” 15
- (4) In subsection (4) (basic calculation of charge) for the words in the first sentence after “in respect of” substitute “the chargeable amount.”
- (5) In subsection (4A) (the appropriate rate) for “excess” (in each place) substitute “chargeable amount”. 20
- (6) In subsection (5) (excess is not income) for “That excess” substitute “The chargeable amount”.
- (7) In subsection (6) (further provision) –
- (a) before the entry for section 228 insert –
- “sections 227ZA and 227B (chargeable amount), 25
sections 227C to 227G (supplemental provision for calculations under section 227B),”
- (b) in the entry for section 229, for “229” substitute “229(1)”, and
- (c) after that entry insert –
- “section 229(2) to (4) (how to arrive at the pension input amount in respect of an arrangement),”.
- (8) The amendments made by this paragraph have effect for the tax year 2015-16 and subsequent tax years.
- 64 (1) In FA 2004 after section 227 insert – 35
- “227ZA The chargeable amount**
- (1) The chargeable amount is the alternative chargeable amount (see section 227B) if –
- (a) the year is –
- (i) the tax year in which the individual first flexibly accesses pension rights (see section 227G), or 40
- (ii) a tax year later than that tax year,

- (b) the money-purchase input sub-total (see section 227C) exceeds £10,000, and
 - (c) the alternative chargeable amount exceeds the default chargeable amount.
- (2) Otherwise, the chargeable amount is the default chargeable amount. 5
- (3) The default chargeable amount is the amount (if any) by which –
 - (a) the total pension input amount calculated in accordance with section 229(1), exceeds
 - (b) the annual allowance for the year in the case of the individual (see sections 228(1) and 228A).” 10
- (2) The amendment made by this paragraph has effect for the tax year 2015-16 and subsequent tax years.

Annual allowance charge where rights have been flexibly accessed

- 65 (1) In FA 2004 before section 228 insert –

“227B The alternative chargeable amount” 15

- (1) The alternative chargeable amount is the total of –
 - (a) the amount (if any) by which the defined-benefit input sub-total exceeds the alternative annual allowance, and
 - (b) the amount by which the money-purchase input sub-total exceeds £10,000. 20
- (2) The alternative annual allowance is –

AA – £10,000

where AA is the annual allowance for the year in the case of the individual (see sections 228(1) and 228A).
- (3) The defined-benefit input sub-total is the total of – 25
 - (a) the pension input amounts in respect of each defined benefits arrangement relating to the individual under a registered pension scheme of which the individual is a member (see section 229(2)(c)),
 - (b) the pension input amounts in respect of each hybrid arrangement – 30
 - (i) relating to the individual under a registered pension scheme of which the individual is a member, and
 - (ii) in respect of which the pension input amount is input amount C mentioned in section 237, and 35
 - (c) any amounts required to be included by section 227E(3) or 227F(4) or (6) (pension input periods that end in the year but before the day on which rights are first flexibly accessed or that end in the year and contain that day).
- (4) Subsection (3)(b) is subject to section 227D (pension input amounts for certain hybrid arrangements). 40
- (5) If, in the case of a hybrid arrangement, input amount C mentioned in section 237 –
 - (a) is a relevant input amount for the purposes of section 237, and 45

- (b) is equal to—
- (i) input amount A or B mentioned in section 237 if that is the only other relevant input amount for the purposes of section 237, or
 - (ii) the greater of input amounts A and B mentioned in section 237 if both are relevant input amounts for the purposes of section 237, 5

the pension input amount in respect of the arrangement is, for the purposes of subsection (3)(b) and sections 227C(1)(b) and 227D(1)(c), treated as being input amount A or B or, as the case may be, the greater of input amounts A and B (and, in either case, not input amount C). 10

227C Meaning of “money-purchase input sub-total”

- (1) The money-purchase input sub-total is the total of—
- (a) the pension input amounts in respect of each money purchase arrangement relating to the individual under a registered pension scheme of which the individual is a member (see section 229(2)(a) and (b)), and 15
 - (b) the pension input amounts in respect of each hybrid arrangement— 20
 - (i) relating to the individual under a registered pension scheme of which the individual is a member, and
 - (ii) in respect of which the pension input amount is input amount A or B mentioned in section 237.
- (2) Subsection (1) is to be read with— 25
- (a) section 227E(2) (pension input periods that end in the tax year but before the day on which rights are first flexibly accessed), and
 - (b) section 227F(2), (3) and (5) (pension input periods that end in the tax year and contain that day). 30
- (3) Subsection (1)(b) is to be read with—
- (a) section 227B(5) (hybrid arrangements where input amount C is highest-equal input amount), and
 - (b) section 227D (pension input amounts for certain hybrid arrangements). 35

227D Pension input amounts in respect of certain hybrid arrangements

- (1) In this section “relevant hybrid arrangement” means a hybrid arrangement—
- (a) relating to the individual under a registered pension scheme of which the individual is a member, 40
 - (b) made on or after 14 October 2014 or having become a hybrid arrangement (whether or not for the first time) on or after that day, and
 - (c) in respect of which the pension input amount is input amount C mentioned in section 237. 45
- (2) As respects each relevant hybrid arrangement in the maximising set of relevant hybrid arrangements—

- (a) the pension input amount in respect of the arrangement is for the purposes of sections 227B(3)(b) and 227C(1)(b) treated as being not input amount C mentioned in section 237 but, instead, the greater of such of input amounts A and B mentioned in section 237 as are, for the purposes of section 237, relevant input amounts in the case of the arrangement, and 5
- (b) accordingly, the arrangement –
- (i) is not to be included among the arrangements mentioned in section 227B(3)(b) whose pension input amounts are totalled under section 227B(3), but 10
- (ii) is to be included among the arrangements mentioned in section 227C(1)(b) whose pension input amounts are totalled under section 227C(1).
- (3) For the purposes of subsection (2) – 15
- (a) the maximising set contains no relevant hybrid arrangements,
- (b) a particular relevant hybrid arrangement makes up that set, or
- (c) two or more particular relevant hybrid arrangements make up that set, 20
- if the alternative chargeable amount with the maximising set so made up is not less than it would be with the maximising set made up in any other way.
- (4) In particular, the maximising set may be identified by taking the following steps – 25
- Step 1*
Identify all of the relevant hybrid arrangements.
- Step 2*
Identify all of the different combinations of the arrangements identified at Step 1 (including the combination consisting of all of those arrangements, and the combination consisting of none of them, as well as every possible combination of each possible size in between). 30
- Step 3*
For each combination identified at Step 2 calculate what the money-purchase input sub-total would be if each relevant hybrid arrangement in the combination were treated in accordance with the rules in paragraphs (a) and (b) of subsection (2). 35
- Step 4*
If the result of each calculation at Step 3 is less than or equal to £10,000 the chargeable amount is the default chargeable amount. 40
- Step 5*
If the amount calculated at Step 3 for a combination is greater than £10,000 then calculate in accordance with section 227B what the alternative chargeable amount would be if – 45
- (a) each relevant hybrid arrangement in the combination were treated in accordance with the rules in paragraphs (a) and (b) of subsection (2), and

- (b) for each relevant hybrid arrangement not in the combination, input amount C mentioned in section 237 were included in the total under section 227B(3).

Step 6

Identify the highest (or higher) of the amounts calculated at Step 5. The maximising set is made up of each relevant hybrid arrangement in the combination concerned. 5

- (5) Subsection (1)(c) is to be read with section 227B(5) (hybrid arrangements where input amount C is highest-equal input amount). 10
- (6) A hybrid arrangement is not a relevant hybrid arrangement if section 227E(2) applies in the case of that arrangement.

227E Pension input periods ending before rights are first flexibly accessed

- (1) Subsections (2) and (3) apply if, for an arrangement mentioned in section 227C(1), the pension input period ending in the tax year is a period that ends before the individual first flexibly accesses pension rights. 15
- (2) The pension input amount in respect of the arrangement is for the purposes of section 227C(1) treated as being nil.
- (3) The (actual) pension input amount in respect of the arrangement (see section 229(2)(a), (b) or (d)) is required to be included in the defined-benefit input sub-total calculated under section 227B(3). 20

227F Pension input periods in which rights are first flexibly accessed

- (1) Subject to subsection (7), subsections (2) to (6) apply if, for an arrangement mentioned in section 227C(1), the pension input period ending in the tax year contains the day on which the individual first flexibly accesses pension rights (whether or not that day is in the tax year). 25
- (2) If the arrangement is a cash balance arrangement, the pension input amount in respect of that arrangement is for the purposes of section 227C(1)(a) treated as being – 30

$$\frac{F}{PIP} \times APIA$$

where –

APIA is the (actual) pension input amount in respect of the arrangement (see section 229(2)(a)), 35

F is the number of days in the period –

- (a) beginning with the day after that on which the individual first flexibly accesses pension rights, and
- (b) ending at the end of the pension input period mentioned in subsection (1), and 40

PIP is the number of days in that pension input period.

- (3) If the arrangement is a money purchase arrangement other than a cash balance arrangement, the pension input amount in respect of that arrangement is for the purposes of section 227C(1)(a) treated as being the amount in respect of the arrangement that would be arrived at under section 233 for a pension input period – 45

- (a) beginning with the day after that on which the individual first flexibly accesses pension rights, and
- (b) ending at the end of the pension input period mentioned in subsection (1).
- (4) If the arrangement is a money purchase arrangement, the amount (if any) by which – 5
- (a) the (actual) pension input amount in respect of the arrangement (see section 229(2)(a) or (b)), exceeds
- (b) the amount treated by subsection (2) or (3) as being the pension input amount in respect of the arrangement, 10
- is required to be included in the defined-benefit input sub-total calculated under section 227B(3).
- (5) If the arrangement is a hybrid arrangement –
- (a) input amount A mentioned in section 237 is for the purposes of sections 227C(1)(b) and 227D(2) treated as being – 15
- $$\frac{F}{PIP} \times AAIAA$$
- where –
- AAIAA is the (actual) amount of input amount A for the arrangement,
- F is the number of days in the period – 20
- (a) beginning with the day after that on which the individual first flexibly accesses pension rights, and
- (b) ending at the end of the pension input period mentioned in subsection (1), and 25
- PIP is the number of days in that pension input period, and
- (b) input amount B mentioned in section 237 is for the purposes of sections 227C(1)(b) and 227D(2) treated as being the amount for the arrangement that would be arrived at under section 233 for a pension input period – 30
- (i) beginning on the day after that on which the individual first flexibly accesses pension rights, and
- (ii) ending at the end of the pension input period mentioned in subsection (1). 35
- (6) If the arrangement is a hybrid arrangement, the amount (if any) by which –
- (a) the (actual) pension input amount in respect of the arrangement (see section 229(2)(d)), exceeds
- (b) the amount which, in accordance with subsection (5) and section 227D, is for the purposes of section 227C(1)(b) the pension input amount in respect of the arrangement, 40
- is required to be included in the defined-benefit input sub-total calculated under section 227B(3).
- (7) Subsections (2) to (6) do not apply if section 165(3A) applied in the individual's case to the arrangement, or any other arrangement, at any time before 6 April 2015. 45

227G When pension rights are first flexibly accessed

- (1) References in sections 227B to 227F to when the individual first flexibly accesses pension rights are to the time, or the earlier or earliest of the times, given for that by the following subsections.
- (2) If – 5
- (a) the individual has a member’s flexi-access drawdown fund in respect of an arrangement, and
- (b) the fund came into being –
- (i) as a result of sums or assets being designated on or after 6 April 2015 as available for the payment of drawdown pension, or 10
- (ii) as a result of the operation of paragraph 8D(2) of Schedule 28,
- the individual first flexibly accesses pension rights immediately before the first qualifying payment is made from the fund (see subsection (10)). 15
- (3) If section 165(3A) applied in the individual’s case to an arrangement at any time before 6 April 2015, the individual first flexibly accesses pension rights at the start of 6 April 2015.
- (4) If – 20
- (a) the individual has a member’s drawdown pension fund in respect of an arrangement, and
- (b) the sums and assets that make up the fund become newly-designated funds by the operation of paragraph 8B of Schedule 28, 25
- the individual first flexibly accesses pension rights immediately before the first qualifying payment (see subsection (10)) is made from the individual’s member’s flexi-access drawdown fund in respect of the arrangement (whether that is the payment that triggers the operation of paragraph 8B of Schedule 28 or a subsequent payment). 30
- (5) If –
- (a) the individual has a member’s drawdown pension fund in respect of an arrangement, and
- (b) the sums and assets that make up the fund become newly-designated funds by the operation of paragraph 8C of Schedule 28, 35
- the individual first flexibly accesses pension rights immediately before the first qualifying payment is made from the individual’s member’s flexi-access drawdown fund in respect of the arrangement (see subsection (10)). 40
- (6) The individual first flexibly accesses pension rights immediately before the payment of the first uncrystallised funds pension lump sum paid to the individual.
- (7) If the individual is entitled to payment of a lifetime annuity under a flexible annuity contract (see subsection (8)), the individual first flexibly accesses pension rights immediately before the first payment of the annuity is made. 45

- (8) In subsection (7) “flexible annuity contract” means a contract for a lifetime annuity where –
- (a) the annuity is within paragraph 3(1A) of Schedule 28, and
 - (b) the terms of the contract are such that there will or could be decreases in the amount of the annuity other than decreases from time to time allowed by regulations under paragraph 3(1)(d) of Schedule 28 (and any such regulations are to be treated as having effect for this purpose).
- (9) If –
- (a) the individual is entitled to payment of a scheme pension under a money purchase arrangement under a registered pension scheme,
 - (b) the individual became entitled to the scheme pension –
 - (i) on or after 6 April 2015, and
 - (ii) at a time when fewer than 11 other individuals were entitled to the present payment of a scheme pension, or dependants’ scheme pension, under the registered pension scheme, and
 - (c) the scheme pension is not payable under an annuity contract treated under section 153(8) or (8A) as having become a registered pension scheme,
- the individual first flexibly accesses pension rights immediately before the first payment of the scheme pension is made.
- (10) In subsections (2), (4) and (5), a reference to a qualifying payment from a fund is a reference to –
- (a) payment of income withdrawal from the fund, or
 - (b) payment of a short-term annuity purchased using sums or assets out of the fund,
- but does not include payment at a time when the whole of the fund represents rights attributable to a disqualifying pension credit.
- (11) In subsection (10) “disqualifying pension credit” is to be read in accordance with paragraph 2(3) and (4) of Schedule 29.”
- (2) The amendment made by sub-paragraph (1) has effect for the tax year 2015-16 and subsequent tax years.

Further amendments

- 66 (1) Omit section 227A of FA 2004 (annual allowance charge: individuals who met flexible drawdown conditions).
- (2) In consequence of sub-paragraph (1) –
- (a) in section 227(4) of FA 2004, omit the second sentence, and
 - (b) omit paragraph 45 of Schedule 16 to FA 2011.
- (3) The amendments made by sub-paragraphs (1) and (2) have effect for the tax year 2015-16 and subsequent tax years.
- 67 (1) In section 228A of FA 2004 (carry forward of unused annual allowance) after

subsection (7) insert –

- “(8) If, for a tax year preceding the current tax year, the chargeable amount in the individual’s case was the alternative chargeable amount –
- (a) a reference in subsection (3)(a) or (b), (4)(b) or (6)(a) to the annual allowance for that preceding tax year is a reference to the alternative annual allowance for that preceding tax year (see section 227B(2)), and 5
 - (b) a reference in subsection (3)(a) or (b), (4)(b) or (6)(a) to the total pension input amount in the case of the individual for that preceding tax year is a reference to the defined-benefit input sub-total in the case of the individual for that preceding tax year (see section 227B(3) to (5)). 10
- (9) Subsection (3) does not apply in relation to a tax year –
- (a) preceding the current tax year, and 15
 - (b) ending not later than 5 April 2015, if, at any time in that preceding tax year, section 165(3A) or 167(2A) applied to an arrangement relating to the individual.”
- (2) The amendment made by this paragraph has effect where the current tax year is the tax year 2015-16 or a subsequent tax year. 20
- 68 In section 237B of FA 2004 (scheme administrator’s co-liability for individual’s annual allowance charge) after subsection (2) insert –
- “(2A) If the chargeable amount for the tax year in the individual’s case is the alternative chargeable amount, each of the following is treated as being a reference to the amount that the annual allowance charge for the tax year would be in the individual’s case if the chargeable amount were the default chargeable amount –
- (a) the reference in subsection (1)(a) to the amount of the individual’s liability to the annual allowance charge for the tax year, and 25
 - (b) the reference in subsection (3) to the annual allowance charge arising in the case of the individual.” 30
- 69 (1) In article 25C of the Taxation of Pension Schemes (Transitional Provisions) Order 2006 (S.I. 2006/572) after paragraph (3) insert –
- “(4) If – 35
- (a) a stand-alone lump sum is paid –
 - (i) on or after 6 April 2015,
 - (ii) to a member of a pension scheme,
 - (iii) under a money purchase arrangement, and
 - (iv) in circumstances where article 25B(2) (circumstance A) applies, and 40
 - (b) no previous stand-alone lump sum has been paid –
 - (i) on or after that day,
 - (ii) to the member,
 - (iii) under a money purchase arrangement, and 45
 - (iv) in circumstances where article 25B(2) applies,

subsection (1) of section 227G of the 2004 Act (individual first flexibly accesses pension rights at earliest time given by the following subsections of that section) has effect as if there were a subsequent subsection of that section stating that the member first flexibly accesses pension rights immediately before the stand-alone lump sum is paid.” 5

- (2) The amendment made by sub-paragraph (1) is to be treated as having been made by the Treasury under the powers to make orders conferred by section 283(2) of FA 2004.

PART 5 10

MISCELLANEOUS AMENDMENTS

Pension commencement lump sums

- 70 (1) In paragraph 3A(3) of Schedule 29 to FA 2004 (pension commencement lump sum: when pension scheme is to be treated as making an unauthorised payment) for the words “1% of the standard lifetime allowance on that day” substitute “£7,500”. 15
- (2) The amendment made by sub-paragraph (1) has effect in relation to pension commencement lump sums paid on or after 6 April 2015.

Trivial commutation lump sums and small pot lump sums

- 71 (1) In paragraph 7(1) of Schedule 29 to FA 2004 (meaning of “trivial commutation lump sum”) – 20
- (a) after paragraph (a) insert –
- “(aa) it is paid in respect of a defined benefits arrangement,”
- (b) in paragraph (d) (entitlement to benefits must be extinguished) for “the member’s entitlement to benefits” substitute “any entitlement to defined benefits that the member has”, and 25
- (c) in paragraph (e) (member must have reached 60) for “the age of 60” substitute “normal minimum pension age (or the ill-health condition is met)”. 30
- (2) The amendments made by sub-paragraph (1) have effect for commutation periods beginning on or after 6 April 2015 and do so irrespective of whether the nominated date is before, on or after 6 April 2015.
- 72 (1) In article 23C(4) of the Taxation of Pension Schemes (Transitional Provisions) Order 2006 (S.I. 2006/572) (modifications of Schedule 29 to FA 2004) in the inserted paragraph 7A(1)(b) (member must have reached age 60 for certain sums to be trivial commutation lump sums) for “the age of 60” substitute “normal minimum pension age (or the ill-health condition is met)”. 35
- (2) The amendment made by sub-paragraph (1) – 40
- (a) has effect for determining whether a lump sum paid on or after 6 April 2015 is within the inserted paragraph 7A, and
- (b) is to be treated as having been made by the Treasury under the powers to make orders conferred by section 283(2) of FA 2004.

73 (1) The Registered Pension Schemes (Authorised Payments) Regulations 2009 (S.I. 2009/1171) are amended as follows.

(2) For regulation 10 substitute –

“10 Payments to members receiving annuities

A payment by a registered pension scheme to a member which would be a payment that is described in regulation 11, 11A(1)(a) to (c) or 12 but for the continuance after the payment of an annuity if the member has not previously received a payment, by that scheme, under this regulation.” 5

(3) In each of regulations 11(1)(a), 11A(1)(a) and 12(1)(c) (member must have reached 60 for certain payments by registered pension scheme to be authorised payments) for “the age of 60” substitute “normal minimum pension age or the ill-health condition is met (see paragraph 1 of Schedule 28)”. 10

(4) The amendments made by sub-paragraphs (2) and (3) – 15

- (a) have effect for payments made on or after 6 April 2015, and
- (b) are to be treated as having been made by the Commissioners for Her Majesty’s Revenue and Customs under the powers to make regulations conferred by section 164(1)(f) and (2) of FA 2004.

Trivial commutation lump sum death benefits 20

74 (1) Paragraph 20 of Schedule 29 to FA 2004 (trivial commutation lump sum death benefit) is amended as follows.

(2) In sub-paragraph (1) (definition) for the words from “if” to the end substitute “if condition A or B is met.”

(3) After sub-paragraph (1) insert – 25

“(1A) Condition A is that the lump sum –

- (a) is paid to a dependant entitled under the pension scheme to pension death benefit in respect of the member, and
- (b) extinguishes the dependant’s entitlement under the pension scheme to pension death benefit and lump sum death benefit in respect of the member. 30

(1B) Condition B is that –

- (a) the lump sum is paid after the member’s death to an individual entitled to be paid a pension under the scheme – 35
 - (i) which the member was entitled to be paid immediately before the member’s death, and
 - (ii) which is payable to the individual under pension rule 2 (see section 165),

(b) if the pension is an annuity or scheme pension payable by an insurance company, the lump sum extinguishes all entitlements in respect of the member under the contract concerned, and 40

(c) if the pension is a scheme pension payable by the scheme administrator, the lump sum extinguishes all entitlements 45

to receive a scheme pension in respect of the member from the scheme administrator under pension rule 2.”

- (4) In sub-paragraph (2) (excess over £18,000 not a trivial commutation lump sum death benefit) for “£18,000” substitute “£30,000”.
- (5) In consequence of sub-paragraph (4), in Schedule 18 to FA 2011 omit paragraph 6(2). 5
- (6) The amendments made by this paragraph have effect in relation to lump sum death benefits paid on or after 6 April 2015.

Winding-up lump sum death benefit

- 75 (1) In Schedule 29 to FA 2004 (authorised lump sums) omit paragraph 21 (which has come to have the effect that every winding-up lump sum death benefit is also a trivial commutation lump sum death benefit). 10
- (2) In consequence of sub-paragraph (1), in Schedule 18 to FA 2011 omit paragraph 7.

Early lifetime annuities 15

- 76 (1) In paragraph 7 of Schedule 32 to FA 2004 (benefit crystallisation events 2 and 4: early lifetime annuities) after sub-paragraph (3) insert –
 - “(4) Sub-paragraph (5) has effect for the purposes of benefit crystallisation event 2 as it applies in relation to the individual’s becoming entitled to the lifetime annuity. 20
 - (5) If the total of –
 - (a) the sums applied to purchase the lifetime annuity and any related dependants’ annuity, and
 - (b) the market value, at the time they are applied, of the assets applied to make the purchase, 25is greater than the amount that would apart from this sub-paragraph be the amount crystallised by the event, that total is the amount crystallised by the event.”
- (2) The amendment made by sub-paragraph (1) has effect in relation to a lifetime annuity if, applying the rule in section 165(3)(b) of FA 2004, the annuity is one to which an individual becomes entitled on or after 6 April 2015. 30

Individuals who on 5 April 2006 had actual right to payment of pensions

- 77 (1) In paragraph 20(4)(a) and (b) of Schedule 36 to FA 2004 (lifetime allowance: deemed crystallisation: value of rights to pre-5 April 2006 drawdown pensions) before “the maximum” insert “80% of”. 35
- (2) The amendment made by sub-paragraph (1) in relation to paragraph 20(4)(a) of that Schedule has effect where the benefit crystallisation event mentioned in the opening words of paragraph 20(2) of that Schedule occurs on or after 6 April 2015. 40
- (3) The amendment made by sub-paragraph (1) in relation to paragraph 20(4)(b) of that Schedule has effect where –

- (a) the benefit crystallisation event mentioned in the opening words of paragraph 20(2) of that Schedule occurs on or after 6 April 2015, and
- (b) section 165(3A) of FA 2004 first applied to the arrangement concerned in a drawdown pension year that began on or after 27 March 2014.

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Transfers between schemes of funds held in respect of individual who has a protected pension age

78 (1) In Schedule 36 to FA 2004 after paragraph 23 insert –

“23ZA(1) Sub-paragraph (2) applies if –

- (a) there is a recognised transfer from one registered pension scheme (“the old scheme”) to another registered pension scheme (“the new scheme”), and
- (b) as a result of paragraph 21 or the previous operation of sub-paragraph (2), immediately before the transfer this Part (except for section 218(6) and paragraph 19) applied in relation to all of the transferred sums or assets as if references to normal minimum pension age were to the member’s protected pension age as defined by paragraph 22(8) or, as the case may be, paragraph 23(8).

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(2) This Part (except for section 218(6) and paragraph 19) applies in relation to –

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- (a) the transferred sums or assets while held for the purposes of an arrangement under the new scheme, and
- (b) any sums or assets held for the purposes of such an arrangement that arise, or (directly or indirectly) derive, from –
 - (i) any of the transferred sums or assets, or
 - (ii) sums or assets which so arise or derive,

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as if references to normal minimum pension age were to the member’s protected pension age as defined by paragraph 22(8) or, as the case may be, paragraph 23(8).

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(3) Paragraphs 22(7)(a) and 23(7) have effect as if the benefits or pensions to which they refer do not include any that are in respect of sums or assets within sub-paragraph (2)(a) or (b) of this paragraph.”

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(2) The amendment made by sub-paragraph (1) has effect in relation to recognised transfers made on or after 6 April 2015.

Power to make certain payments

79 In FA 2004 after section 273A insert –

“273B Power of trustees or managers to make certain payments

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- (1) Subsection (2) applies to a payment by a registered pension scheme to or in respect of a person who is or has been a member of the scheme if it is paid in respect of a money purchase arrangement and is –
 - (a) a payment of drawdown pension,

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- (b) paid to purchase a short-term annuity,
 - (c) a payment of dependants’ drawdown pension,
 - (d) paid to purchase a dependants’ short-term annuity,
 - (e) an uncrystallised funds pension lump sum,
 - (f) a flexi-access drawdown fund lump sum death benefit, 5
 - (g) a pension commencement lump sum where the person becomes entitled to it in connection with becoming entitled to income withdrawal (or where the person dies after becoming entitled to it but before becoming entitled to the income withdrawal in connection with which it was expected that the person would become entitled to the lump sum), or 10
 - (h) a trivial commutation lump sum death benefit where condition B in paragraph 20(1B) of Schedule 29 is met.
- (2) The trustees or managers of the scheme may make the payment despite any provision of the rules of the scheme (however framed) prohibiting the making of the payment.” 15

Temporary non-residence

80 ITEPA 2003 is amended as follows.

81 (1) Section 579CA as substituted by paragraph 117 of Schedule 45 to FA 2013 (pensions under registered pension schemes: temporary non-residents) is amended as follows. 20

(2) In subsection (2) (relevant withdrawals treated as accruing in the year of return from temporary non-residence) at the end insert “, but only if the total amount of –

- (a) the relevant withdrawals within subsection (3), and 25
- (b) the relevant withdrawals (as defined by section 576A(4)) within section 576A(3) for the same temporary period of non-residence, exceeds £100,000”.

(3) For subsection (4) (meaning of “relevant withdrawal”) substitute – 30

“(4) A “relevant withdrawal” is –

- (a) any income withdrawal paid to the person from a member’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme,
- (b) any dependants’ income withdrawal paid to the person from a dependant’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme, 35
- (c) any payment to the person of a short-term annuity purchased using sums or assets out of a member’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme, 40
- (d) any payment to the person of a dependants’ short-term annuity purchased using sums or assets out of a dependant’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme, 45

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- (e) any uncrystallised funds pension lump sum paid to the person in respect of an arrangement relating to the person under a registered pension scheme, but only so far as section 579A applies in relation to the sum (see section 636A),
- (f) any income withdrawal, or dependants’ income withdrawal, paid before 6 April 2015 to the person under a registered pension scheme in respect of an arrangement relating to the person under the scheme which at the time of the payment was an arrangement to which section 165(3A) or 167(2A) of FA 2004 applied (flexible drawdown arrangements),
- (g) any payment to the person of a lifetime annuity or dependants’ annuity where—
- (i) the annuity is within paragraph 3(1A) or 17(1ZA), as the case may be, of Schedule 28 to FA 2004,
- (ii) the terms of the contract under which the annuity is paid are such that there will or could be decreases in the amount of the annuity other than decreases from time to time allowed by regulations under paragraph 3(1)(d) or 17(1)(c), as the case may be, of Schedule 28 to FA 2004 (and any such regulations are to be treated as having effect for this purpose), and
- (iii) the annuity is purchased using sums or assets held for the purposes of a registered pension scheme, or
- (h) any payment to the person of a scheme pension, or dependants’ scheme pension, under a money purchase arrangement under a registered pension scheme where—
- (i) the person first acquired an actual (rather than a prospective) right to receive the scheme pension on or after 6 April 2015,
- (ii) when the person first acquired that actual right, fewer than 11 other individuals were entitled to the present payment of a scheme pension, or dependants’ scheme pension, under the registered pension scheme, and
- (iii) the scheme pension is not payable under an annuity contract treated under section 153(8) or (8A) of FA 2004 as having become a registered pension scheme.
- (4A) For the purpose of determining whether the figure specified in subsection (2) is exceeded, any relevant withdrawal paid in a currency other than sterling is to be translated into sterling using the average exchange rate for the year ending with 31 March in the tax year in which the relevant withdrawal is paid.”
- (4) In subsection (7) for the definition of “flexible drawdown arrangement” substitute—
- ““dependants’ annuity”, “dependant’s flexi-access drawdown fund”, “dependants’ scheme pension”, “dependants’ short-term annuity”, “lifetime annuity”, “member’s flexi-access drawdown fund”, “money purchase arrangement”, “scheme pension”, “short-term annuity” and “uncrystallised funds pension lump sum” have the same meaning as in Part 4 of FA 2004 (see section 152 of FA 2004 and paragraphs 2, 3, 6, 8A, 16 to 16C, 17, 20 and 22A of Schedule 28, and paragraph 4A of Schedule 29, to FA 2004).”

- (5) The amendments made by this paragraph come into force on 6 April 2015.
- 82 (1) The version of section 579CA which has effect if the year of departure is the tax year 2012-13 or an earlier tax year (pensions under registered pension schemes: temporary non-residents) is amended as follows.
- (2) In subsection (1) – 5
- (a) for “income withdrawal or dependants’ income withdrawal under the registered pension scheme” substitute “relevant withdrawal paid to a person”,
 - (b) omit paragraph (a), and
 - (c) at the end insert “, but only if the total amount of the relevant withdrawals meeting those conditions, and the relevant withdrawals (as defined by section 576A(4A)) meeting the conditions in section 576A(1) for the same set of years of non-residence, exceeds £100,000”. 10
- (3) After subsection (3) insert –
- “(3A) A “relevant withdrawal”, in relation to a person, is – 15
- (a) any income withdrawal paid to the person from a member’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme,
 - (b) any dependants’ income withdrawal paid to the person from a dependant’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme, 20
 - (c) any payment to the person of a short-term annuity purchased using sums or assets out of a member’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme, 25
 - (d) any payment to the person of a dependants’ short-term annuity purchased using sums or assets out of a dependant’s flexi-access drawdown fund in respect of an arrangement relating to the person under a registered pension scheme, 30
 - (e) any uncrystallised funds pension lump sum paid to the person in respect of an arrangement relating to the person under a registered pension scheme, but only so far as section 579A applies in relation to the sum (see section 636A),
 - (f) any income withdrawal, or dependants’ income withdrawal, paid before 6 April 2015 to the person under a registered pension scheme in respect of an arrangement relating to the person under the scheme which at the time of the payment was an arrangement to which section 165(3A) or 167(2A) of FA 2004 applied (flexible drawdown arrangements), 35
 - (g) any payment to the person of a lifetime annuity or dependants’ annuity where – 40
 - (i) the annuity is within paragraph 3(1A) or 17(1ZA), as the case may be, of Schedule 28 to FA 2004,
 - (ii) the terms of the contract under which the annuity is paid are such that there will or could be decreases in the amount of the annuity other than decreases from time to time allowed by regulations under paragraph 3(1)(d) or 17(1)(c), as the case may be, of Schedule 28 45

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- to FA 2004 (and any such regulations are to be treated as having effect for this purpose), and
- (iii) the annuity is purchased using sums or assets held for the purposes of a registered pension scheme, or
- (h) any payment to the person of a scheme pension, or dependants’ scheme pension, under a money purchase arrangement under a registered pension scheme where –
- (i) the person first acquired an actual (rather than a prospective) right to receive the scheme pension on or after 6 April 2015,
- (ii) when the person first acquired that actual right, fewer than 11 other individuals were entitled to the present payment of a scheme pension, or dependants’ scheme pension, under the registered pension scheme, and
- (iii) the scheme pension is not payable under an annuity contract treated under section 153(8) or (8A) of FA 2004 as having become a registered pension scheme.
- (3B) For the purpose of determining whether the figure specified at the end of subsection (1) is exceeded, any relevant withdrawal paid in a currency other than sterling is to be translated into sterling using the average exchange rate for the year ending with 31 March in the tax year in which the relevant withdrawal is paid.”
- (4) In subsection (4) for “income withdrawal or dependants’ income” substitute “relevant”.
- (5) In subsection (5) for the definition of “flexible drawdown arrangement” substitute –
- ““dependants’ annuity”, “dependant’s flexi-access drawdown fund”, “dependants’ scheme pension”, “dependants’ short-term annuity”, “lifetime annuity”, “member’s flexi-access drawdown fund”, “money purchase arrangement”, “scheme pension”, “short-term annuity” and “uncrystallised funds pension lump sum” have the same meaning as in Part 4 of FA 2004 (see section 152 of FA 2004 and paragraphs 2, 3, 6, 8A, 16 to 16C, 17, 20 and 22A of Schedule 28, and paragraph 4A of Schedule 29, to FA 2004).”
- (6) The amendments made by this paragraph come into force on 6 April 2015.
- 83 (1) Section 576A as substituted by paragraph 116 of Schedule 45 to FA 2013 (pensions under relevant non-UK schemes: temporary non-residents) is amended as follows.
- (2) In subsection (2) (relevant withdrawals treated as accruing in the year of return from temporary non-residence) at the end insert “, but only if the total amount of –
- (a) the relevant withdrawals within subsection (3), and
- (a) the relevant withdrawals (as defined by section 579CA(4)) within section 579CA(3) for the same temporary period of non-residence, exceeds £100,000”.

(3) For subsection (4) (meaning of “relevant withdrawal”) substitute –

“(4) A “relevant withdrawal” is an amount paid under a relevant non-UK scheme that –

- (a) is paid to the person in respect of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be income withdrawal (within the meaning of paragraph 7 of Schedule 28 to FA 2004) paid to the person from the person’s member’s flexi-access drawdown fund in respect of the arrangement, 5
- (b) is paid to the person in respect of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be dependants’ income withdrawal (within the meaning of paragraph 21 of Schedule 28 to FA 2004) paid to the person from the person’s dependant’s flexi-access drawdown fund in respect of the arrangement, 10
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- (c) is a payment to the person of an annuity purchased using sums or assets held for the purposes of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be a payment of a short-term annuity (within the meaning of paragraph 6 of Schedule 28 to FA 2004) purchased using sums or assets out of the person’s member’s flexi-access drawdown fund in respect of the arrangement, 20
- (d) is a payment to the person of an annuity purchased using sums or assets held for the purposes of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be a payment of a dependants’ short-term annuity (within the meaning of paragraph 20 of Schedule 28 to FA 2004) purchased using sums or assets out of the person’s dependant’s flexi-access drawdown fund in respect of the arrangement, 25
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- (e) is paid before 6 April 2015 to the person in respect of an arrangement relating to the person under the scheme which at the time of the payment was an arrangement to which section 165(3A) or 167(2A) of FA 2004 (flexible drawdown arrangements) applied and would, if the scheme had been a registered pension scheme, have been income withdrawal or dependants’ income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to FA 2004), 35
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- (f) is a payment to the person of an annuity purchased using sums or assets held for the purposes of an arrangement relating to the person under the scheme where –
 - (i) the payment would, if the scheme were a registered pension scheme, be of a lifetime annuity or dependants’ annuity within paragraph 3(1A) or 17(1ZA), as the case may be, of Schedule 28 to FA 2004, and 45
 - (ii) the terms of the contract under which it is paid are such that there will or could be decreases in the amount of the annuity other than decreases which, if the scheme were a registered pension scheme, would be decreases from time to time allowed by regulations 50

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- under paragraph 3(1)(d) or 17(1)(c), as the case may be, of Schedule 28 to FA 2004 (and any such regulations are to be treated as having effect for this purpose), or
- (g) is a payment to the person under a money purchase arrangement relating to the person under the scheme that, if the scheme were a registered pension scheme, would be a payment to the person of a scheme pension that the person would for the purposes of Part 4 of FA 2004 be treated as having become entitled to at a time on or after 6 April 2015 when fewer than 11 other individuals were entitled to present payment of a scheme pension under the scheme. 5
- (4A) For the purpose of determining whether the figure specified in subsection (2) is exceeded, any relevant withdrawal paid in a currency other than sterling is to be translated into sterling using the average exchange rate for the year ending with 31 March in the tax year in which the relevant withdrawal is paid. 10
- (4B) A relevant withdrawal within subsection (4)(e) is, if it is within subsection (3), treated for the purposes of this Part as a pension to which section 573 applies.” 15
- (4) In subsection (9) –
- (a) for the definition of “flexible drawdown arrangement” substitute –
- ““member’s flexi-access drawdown fund” and “dependant’s flexi-access drawdown fund” have the same meaning as in Part 4 of FA 2004 (see paragraphs 8A and 22A of Schedule 28 to FA 2004);”, and 25
- (b) after the definition of “remitted to the United Kingdom” insert –
- ““scheme pension” means a scheme pension within the meaning of paragraph 2 of Schedule 28 to FA 2004 or a dependants’ scheme pension within the meaning of paragraphs 16 to 16C of that Schedule;”.
- (5) The amendments made by this paragraph come into force on 6 April 2015. 30
- 84 (1) The version of section 576A which has effect if the year of departure is the tax year 2012-13 or an earlier tax year (pensions under relevant non-UK schemes: temporary non-residents) is amended as follows. 35
- (2) In subsection (1) –
- (a) for “non-UK income withdrawal under a relevant non-UK scheme” substitute “withdrawal paid to a person”,
- (b) omit paragraph (a), and
- (c) at the end insert “, but only if the total amount of the relevant withdrawals meeting those conditions, and the relevant withdrawals (as defined by section 579CA(3A)) meeting the conditions in section 579CA(1) for the same set of years of non-residence, exceeds £100,000”. 40
- (3) In subsection (4) for “non-UK income withdrawal falling within subsection (1)” substitute “withdrawal that meets the conditions in subsection (1)(b) and (c)”. 45

(4) After subsection (4) insert –

“(4A) A “relevant withdrawal”, in relation to a person, is an amount paid under a relevant non-UK scheme that –

- (a) is paid to the person in respect of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be income withdrawal (within the meaning of paragraph 7 of Schedule 28 to FA 2004) paid to the person from the person’s member’s flexi-access drawdown fund in respect of the arrangement, 5
- (b) is paid to the person in respect of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be dependants’ income withdrawal (within the meaning of paragraph 21 of Schedule 28 to FA 2004) paid to the person from the person’s dependant’s flexi-access drawdown fund in respect of the arrangement, 10
15
- (c) is a payment to the person of an annuity purchased using sums or assets held for the purposes of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be a payment of a short-term annuity (within the meaning of paragraph 6 of Schedule 28 to FA 2004) purchased using sums or assets out of the person’s member’s flexi-access drawdown fund in respect of the arrangement, 20
- (d) is a payment to the person of an annuity purchased using sums or assets held for the purposes of an arrangement relating to the person under the scheme and would, if the scheme were a registered pension scheme, be a payment of a dependants’ short-term annuity (within the meaning of paragraph 20 of Schedule 28 to FA 2004) purchased using sums or assets out of the person’s dependant’s flexi-access drawdown fund in respect of the arrangement, 25
30
- (e) is paid before 6 April 2015 to the person in respect of an arrangement relating to the person under the scheme which at the time of the payment was an arrangement to which section 165(3A) or 167(2A) of FA 2004 (flexible drawdown arrangements) applied and would, if the scheme were a registered pension scheme, be income withdrawal or dependants’ income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to FA 2004), 35
40
- (f) is a payment to the person of an annuity purchased using sums or assets held for the purposes of an arrangement relating to the person under the scheme where –
 - (i) the payment would, if the scheme were a registered pension scheme, be of a lifetime annuity or dependants’ annuity within paragraph 3(1A) or 17(1ZA), as the case may be, of Schedule 28 to FA 2004, and 45
 - (ii) the terms of the contract under which it is paid are such that there will or could be decreases in the amount of the annuity other than decreases which, if the scheme were a registered pension scheme, would be decreases from time to time allowed by regulations 50

	under paragraph 3(1)(d) or 17(1)(c), as the case may be, of Schedule 28 to FA 2004 (and any such regulations are to be treated as having effect for this purpose), or	
	(g) is a payment to the person under a money purchase arrangement relating to the person under the scheme that, if the scheme were a registered pension scheme, would be a payment to the person of a scheme pension that the person would for the purposes of Part 4 of FA 2004 be treated as having become entitled to at a time on or after 6 April 2015 when fewer than 11 other individuals were entitled to present payment of a scheme pension under the scheme.	5 10
(4B)	For the purpose of determining whether the figure specified at the end of subsection (1) is exceeded, any relevant withdrawal paid in a currency other than sterling is to be translated into sterling using the average exchange rate for the year ending with 31 March in the tax year in which the relevant withdrawal is paid.	15
(4C)	A relevant withdrawal within subsection (4A)(e) is, if it meets the conditions in subsection (1)(b) and (c), treated for the purposes of this Part as a pension to which section 573 applies.”	20
(5)	In each of subsections (5) to (7) omit “non-UK income”.	
(6)	In subsection (8) –	
	(a) for the definition of “flexible drawdown arrangement” substitute –	
	““member’s flexi-access drawdown fund” and “dependant’s flexi-access drawdown fund” have the same meaning as in Part 4 of FA 2004 (see paragraphs 8A and 22A of Schedule 28 to FA 2004);”,	25
	(b) omit the definition of “relevant non-UK income withdrawal”, and	
	(c) before the definition of “year of non-residence” insert –	
	““scheme pension” means a scheme pension within the meaning of paragraph 2 of Schedule 28 to FA 2004 or a dependants’ scheme pension within the meaning of paragraphs 16 to 16C of that Schedule;”.	30
(7)	The amendments made by this paragraph come into force on 6 April 2015.	
	<i>Regulations about the effects of certain authorised payments</i>	35
85	In section 164 of FA 2004 (authorised payments) after subsection (2) insert –	
	“(3) The Commissioners for Her Majesty’s Revenue and Customs may by regulations make provision –	
	(a) having the effect that the making of a prescribed authorised payment does not (directly or indirectly) result in an individual first flexibly accessing pension rights for the purposes of sections 227B to 227F,	40
	(b) having the effect that the making of a prescribed authorised payment is not a relevant withdrawal for the purposes of section 579CA of ITEPA 2003, and	45
	(c) having the effect that the making of a prescribed payment by a pension scheme that is not a registered pension scheme, where the payment would be an authorised payment if the	

scheme were a registered pension scheme, is not a relevant withdrawal for the purposes of section 576A of ITEPA 2003.

- (4) In subsection (3) –
 “authorised payment” means a payment specified in subsection (1), and 5
 “prescribed” means prescribed in regulations under subsection (3).”

PART 6

PROVISION OF INFORMATION

86 The Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567) are amended as follows. 10

87 After regulation 14 insert –

“14ZA Information provided to member by scheme administrator where it appears member may be first flexibly accessing pension rights

- (1) If a relevant event (see paragraph (2)) occurs in relation to a member of a registered pension scheme, the scheme administrator – 15
 (a) must provide the member with a statement –
 (i) stating the date of the relevant event, and
 (ii) explaining the matters specified in paragraph (3), and
 (b) must do so before the end of the 31 days beginning with the date of the relevant event, 20
 but this is subject to paragraph (4).
- (2) For the purposes of this regulation –
 (a) if –
 (i) the member has a member’s flexi-access drawdown fund in respect of an arrangement under the scheme, and 25
 (ii) the fund came into being as a result of sums or assets being designated on or after 6 April 2015 as available for the payment of drawdown pension, or as a result of the operation of paragraph 8D(2) of Schedule 28, 30
 a relevant event occurs when a qualifying payment is made to the member from the fund,
 (b) if –
 (i) the member has a member’s drawdown pension fund in respect of an arrangement under the scheme, and 35
 (ii) the sums and assets that make up the fund become newly-designated funds by the operation of paragraph 8B of Schedule 28,
 a relevant event occurs when a qualifying payment is made to the member from the member’s flexi-access drawdown fund in respect of the arrangement, 40
 (c) a relevant event occurs when an uncrystallised funds pension lump sum is paid to the member by the scheme, and
 (d) a relevant event occurs when a stand-alone lump sum is paid on or after 6 April 2015 to the member by the scheme in 45

circumstances where article 25B(2) of the Taxation of Pension Schemes (Transitional Provisions) Order 2006 applies.

- (3) The matters mentioned in paragraph (1)(a)(ii) are –
- (a) that a relevant event has occurred in relation to the member and that, as a result, the member has flexibly accessed the member's pension rights (although may have first done so previously), 5
 - (b) that if in any tax year the total of the pension inputs to money purchase arrangements, and certain hybrid arrangements, relating to the member exceeds £10,000 – 10
 - (i) there will be an annual allowance tax charge on the excess, and
 - (ii) the annual allowance for pension inputs to other arrangements relating to the member will be £10,000 less than it would otherwise be, 15
 - (c) that the member must, before the end of the 31 days beginning with the date the member receives the statement, pass on the information specified in paragraph (a) and the date of the relevant event to the scheme administrator of each other registered pension scheme of which the member is a member at any time in the period beginning with the date of the relevant event and ending with the date of receipt of the statement, and 20
 - (d) that, where the member becomes a member of another registered pension scheme after the date of receipt of the statement and otherwise than as a result of a recognised transfer, the member must pass on the information specified in paragraph (a) and the date of the relevant event to the scheme administrator of that other scheme before the end of the 31 days beginning with the date of becoming a member of that other scheme. 25 30
- (4) The scheme administrator is not required to comply with paragraph (1) in relation to the relevant event if –
- (a) the scheme administrator has complied with paragraph (1) in respect of an earlier relevant event, or 35
 - (b) the scheme administrator is, at any time before complying with paragraph (1) in relation to the relevant event, informed –
 - (i) by the member, or
 - (ii) by the scheme administrator of another registered pension scheme, 40
 that the member flexibly accessed pension rights at a time before the relevant event occurred.
- (5) In this regulation, a reference to a qualifying payment from a fund is a reference to – 45
- (a) payment of income withdrawal from the fund, or
 - (b) payment of a short-term annuity purchased using sums or assets out of the fund,
- but does not include payment at a time when the whole of the fund represents rights attributable to a disqualifying pension credit. 50

- (6) In paragraph (5) “disqualifying pension credit” is to be read in accordance with paragraph 2(3) and (4) of Schedule 29.

14ZB Passing-on by member of information under regulation 14ZA

- (1) Paragraphs (2) and (3) apply if an individual receives a statement under regulation 14ZA from the scheme administrator of a registered pension scheme, but this is subject to paragraphs (4) and (5). 5
- (2) The individual must before the end of the 31 days beginning with the date of receipt –
- (a) pass on a copy of the statement, or 10
 - (b) otherwise give notice of –
 - (i) receipt of the statement, and
 - (ii) the date of the relevant event concerned,to the scheme administrator of each other registered pension scheme of which the individual is a member at any time in the period beginning with the date of the relevant event and ending with the date of receipt of the statement. 15
- (3) Where the individual becomes a member of another registered pension scheme after the date of receipt of the statement, the individual must before the end of the 31 days beginning with the date the individual becomes a member of that other scheme – 20
- (a) pass on a copy of the statement, or
 - (b) otherwise give notice of –
 - (i) receipt of the statement, and
 - (ii) the date of the relevant event concerned,to the scheme administrator of that other scheme. 25
- (4) Paragraph (3) does not apply in connection with the individual becoming a member of any particular scheme if the individual becomes a member of that scheme as a result of a recognised transfer.
- (5) Paragraph (2) or (3), as the case may be, does not require the information concerned to be provided to the scheme administrator of a particular scheme if the individual has complied with regulation 14ZD(2) or (3) or 14ZE(2) or (3) in relation to the scheme administrator of that scheme. 30

14ZC Information between scheme administrators on recognised transfers 35

- (1) Paragraph (2) applies if –
- (a) in connection with a member of a registered pension scheme (“the transferring scheme”), there is a recognised transfer from the transferring scheme to another registered pension scheme (“the recipient scheme”), and 40
 - (b) the scheme administrator of the transferring scheme has reason to believe that the member first flexibly accessed pension rights before the transfer.
- (2) The scheme administrator of the transferring scheme must provide the scheme administrator of the recipient scheme with a statement – 45

-
- (a) stating that the scheme administrator of the transferring scheme has reason to believe that the member first flexibly accessed pension rights before the transfer, and
- (b) specifying the date the scheme administrator of the transferring scheme understands to be the date when the member first flexibly accessed pension rights. 5
- (3) The requirement under paragraph (2) is to be complied with before—
- (a) the end of the 31 days beginning with the date of the transfer, or 10
- (b) if later, the end of the 31 days beginning with the date when the scheme administrator of the transferring scheme first has reason for the belief mentioned in paragraph (1)(b).
- (4) References in this regulation to an individual first flexibly accessing pension rights are to be read in accordance with section 227G. 15
- 14ZD Individual to whom flexible drawdown arrangements applied before 6 April 2015 must tell other schemes if active or contributing etc**
- (1) Paragraphs (2) and (3) apply if—
- (a) at any time before 6 April 2015, section 165(3A) applied to an arrangement relating to an individual under a registered pension scheme (the “flexed” registered pension scheme), and 20
- (b) on or after 6 April 2015—
- (i) the individual is an active member of the flexed or any other registered pension scheme as a result of there presently being arrangements for the accrual of benefits to or in respect of the individual under a cash balance arrangement or hybrid arrangement, or 25
- (ii) a relevant contribution is paid (see paragraph (8)).
- (2) The individual must, before the end of the period of 31 days beginning (as the case may be) with— 30
- (a) the first day on or after 6 April 2015 when the condition in paragraph (1)(b)(i) is met in relation to the individual, or
- (b) the date of payment of the first relevant contribution paid on or after 6 April 2015, 35
- provide the information specified in paragraph (4) to the scheme administrator of each registered pension scheme of which the individual is a member on the first day of that period; but this is subject to paragraphs (5) and (7).
- (3) Where the individual becomes a member of another registered pension scheme after the first day of that period, the individual must, before the end of the 31 days beginning with the date the individual becomes a member of that other scheme, provide the information specified in paragraph (4) to the scheme administrator of that other scheme; but this is subject to paragraphs (6) and (7). 40
- (4) The information is that, as a result of section 227G(3), the individual is treated for the purposes of sections 227B to 227F as having first flexibly accessed pension rights at the start of 6 April 2015. 45

-
- (5) Paragraph (2) does not require that information to be provided to the scheme administrator of a particular scheme if, immediately before 6 April 2015, section 165(3A) applied to an arrangement relating to the individual under that scheme.
- (6) Paragraph (3) does not require that information to be provided to the scheme administrator of a particular scheme if the individual becomes a member of that scheme as a result of a recognised transfer made to the scheme. 5
- (7) Paragraph (2) or (3), as the case may be, does not require that information to be provided to the scheme administrator of a particular scheme if the individual has complied with regulation 14ZB(2) or (3) or 14ZE(2) or (3) in relation to the scheme administrator of that scheme. 10
- (8) For the purposes of this regulation, a relevant contribution is paid if – 15
- (a) a relievable pension contribution is paid by or on behalf of the individual under a non-cash-balance money purchase arrangement relating to the individual under the flexed or any other registered pension scheme,
 - (b) a contribution is paid in respect of the individual by an employer of the individual under a non-cash-balance money purchase arrangement relating to the individual under the flexed or any other registered pension scheme, or 20
 - (c) a contribution – 25
 - (i) paid under the flexed or any other registered pension scheme by an employer of the individual, and
 - (ii) paid otherwise than in respect of any individual, becomes held for the purposes of a non-cash-balance money purchase arrangement relating to the individual under the scheme under which the contribution was paid; 30
- and in this paragraph “non-cash-balance money purchase arrangement” means a money purchase arrangement other than a cash balance arrangement.
- 14ZE Member to inform other schemes if, under paragraph 8C of Schedule 28, drawdown pension fund becomes flexi-access drawdown fund 35**
- (1) Paragraphs (2) and (3) apply if, under paragraph 8C of Schedule 28, the drawdown pension fund in respect of an arrangement relating to an individual under a registered pension scheme becomes the individual’s flexi-access drawdown fund in respect of the arrangement, but this is subject to paragraphs (4) and (5). 40
- (2) The individual must, before the end of the 31 days beginning with the conversion date, inform the scheme administrator of each other registered pension scheme of which the individual is a member on the conversion date –
- (a) of the conversion, and 45
 - (b) of the conversion date.
- (3) Where the individual becomes a member of another registered pension scheme after the conversion date, the individual must, before the end of the 31 days beginning with the date the individual

- becomes a member of that other scheme, inform the scheme administrator of that other scheme –
- (a) of the conversion, and
 - (b) of the conversion date.
- (4) Paragraph (3) does not apply in connection with the individual becoming a member of any particular scheme if the individual becomes a member of that scheme as a result of a recognised transfer. 5
- (5) Paragraph (2) or (3), as the case may be, does not require the information concerned to be provided to the scheme administrator of a particular scheme if the individual has complied with regulation 14ZB(2) or (3) or 14ZD(2) or (3) in relation to the scheme administrator of that scheme.” 10
- 88 (1) Regulation 14A (annual allowance: annual provision of information by scheme administrator to member) is amended as follows.
- (2) In paragraph (1) (duty to provide annual pension savings statement) – 15
- (a) in paragraph (b) at the beginning insert “either –
 - (i) ”,
 - (b) in paragraph (b) at the end insert “or
 - (ii) both of the conditions in paragraph (9) are met,” and 20
 - (c) after “containing the information” insert “specified in paragraph (10) if the condition in sub-paragraph (b)(ii) is met but otherwise containing the information”.
- (3) In the first sentence of paragraph (8) for “(1)” substitute “(1)(a)”.
- (4) After paragraph (8) insert – 25
- “(9) The conditions referred to in paragraph (1)(b)(ii) are as follows.
- Condition D*
- The scheme administrator has reason to believe that the member has first flexibly accessed pension rights for the purposes of sections 227B to 227F. 30
- Condition E*
- That the overall total of the following amounts is more than £10,000 –
- (a) for each money purchase arrangement relating to the member under the scheme, the pension input amount for the relevant pension input period in respect of the arrangement, and 35
 - (b) for each hybrid arrangement relating to the member under the scheme, the greater of such of input amounts A and B mentioned in section 237 as are, for the purposes of section 237, relevant input amounts for the relevant pension input period in the case of the arrangement. 40
- (10) The information is –
- (a) the total of –
 - (i) the pension input amounts for the relevant pension input period in respect of each money purchase 45

	arrangement relating to the member under the scheme, and	
(ii)	the pension input amounts for the relevant pension input period in respect of each hybrid arrangement under the scheme –	5
	(a) that relates to the member, and	
	(b) for which the pension input amount for the relevant pension input period is input amount A or B mentioned in section 237,	
(b)	the total of –	10
	(i) the pension input amounts for the relevant pension input period in respect of each defined benefits arrangements relating to the member under the scheme, and	
	(ii) the pension input amounts for the relevant pension input period in respect of each hybrid arrangement under the scheme –	15
	(a) that relates to the member,	
	(b) for which the pension input amount for the relevant pension input period is input amount C mentioned in section 237, and	20
	(c) that is made before 14 October 2014 and has not become a hybrid arrangement (whether or not for the first time) on or after that day,	
(c)	for each hybrid arrangement relating to the member under the scheme –	25
	(i) that is made on or after 14 October 2014 or has become a hybrid arrangement (whether or not for the first time) on or after that day, and	
	(ii) for which the pension input amount for the relevant pension input period is input amount C mentioned in section 237,	30
	which of input amounts A, B and C mentioned in section 237 is a relevant input amount for the purposes of section 237 for the relevant pension input period in the case of the arrangement, and the amount of each of those input amounts that in the case of the arrangement is a relevant input amount for those purposes for that period,	35
(d)	the unadjusted alternative annual allowance for the relevant tax year, and the fact the member’s money-purchase input sub-total for the relevant tax year will be tested against a £10,000 allowance,	40
(e)	the unadjusted alternative annual allowance for each of the three preceding tax years, and the fact that the member’s money-purchase input sub-total for each of those preceding years will be tested against a £10,000 allowance or, if any of those preceding years is earlier than the tax year 2015-16, the annual allowance for each such earlier year, and	45
(f)	for each of those three preceding years, the information given in the pension savings statement for the pension input period ending in that year under, as the case may be, subparagraphs (a) to (c) or paragraph (2)(a).	50

- (11) If, in the case of a hybrid arrangement, input amount C mentioned in section 237 –
- (a) is a relevant input amount for the purposes of section 237 for the relevant pension input period, and
 - (b) is equal to –
 - (i) input amount A or B mentioned in section 237 if that is the only other relevant input amount for the purposes of section 237 for that period, or
 - (ii) the greater of input amounts A and B mentioned in section 237 if both are relevant input amounts for the purposes of section 237 for that period,
 the pension input amount in respect of the arrangement for that period is, for the purposes of paragraph (10), treated as being input amount A or B or, as the case may be, the greater of input amounts A and B (and, in either case, not input amount C).
- (12) In paragraph (10)(d) and (e) “the unadjusted alternative annual allowance”, in relation to a tax year, means the amount that would be the member’s alternative annual allowance under section 227B(2) for that tax year if any increases under section 228A(2) (carry forward of unused allowance from preceding 3 years) are ignored.”
- 89 In regulation 14B(1) (information mentioned in regulation 14A to be supplied by scheme administrator at member’s request where no automatic duty to supply it) for “regulations 14A(2) or (7)” substitute “regulation 14A(2), (7) or (10)”.
- 90 (1) The table in regulation 3(1) (provision of event reports by scheme administrators to HM Revenue and Customs) is amended as follows.
- (2) In column 1 of the entry for reportable event 22 (report where scheme administrator provides pension savings statement under regulation 14A(1)) after “14A(1)” insert “containing the information specified in regulation 14A(2)”.
- (3) After the entry for reportable event 22 insert –
- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “23 Dual annual allowances | |
| The scheme administrator is required to provide a member with a pension savings statement under regulation 14A(1) containing the information specified in regulation 14A(10). | The tax year for which the statement is provided and the name and national insurance number of the member together with the information specified in regulation 14A(10)(a) and (b).” |
- 91 The amendments made by this Part of the Schedule –
- (a) come into force on 6 April 2015, and
 - (b) are to be treated as having been made by the Commissioners for Her Majesty’s Revenue and Customs under such of the powers cited in the instrument containing the Regulations as are applicable.

PART 7

OVERSEAS PENSIONS

- 92 In section 169(4) of FA 2004 (regulations about the provision of information by scheme managers of schemes that are or have been qualifying recognised overseas pension schemes) before the “and” at the end of paragraph (b) insert – 5
- “(ba) give information of a prescribed description to the scheme manager of a QROPS or former QROPS,
 - (bb) give information of a prescribed description to the scheme administrator of a registered pension scheme, 10
 - (bc) give information of a prescribed description to a member, or former member, of the QROPS or former QROPS.”
- 93 (1) Section 251 of FA 2004 (regulations about the provision of information) is amended as follows.
- (2) In subsection (4) – 15
- (a) omit the “or” at the end of paragraph (a), and
 - (b) after paragraph (b) insert –
- “(c) requiring scheme administrators of registered pension schemes to provide information of a prescribed description to scheme managers of qualifying recognised overseas pension schemes, or 20
 - (d) requiring members or former members of a relevant non-UK pension scheme to provide information to the scheme administrators, or scheme managers, of registered pension schemes or other relevant non-UK pension schemes.” 25
- (3) In subsection (6) at the end insert “; and “relevant non-UK scheme” has the meaning given by paragraph 1 of Schedule 34”.
- 94 In paragraph 5 of Schedule 33 to FA 2004 (conditions for scheme to be qualifying overseas pension scheme include condition that manager has undertaken to comply with prescribed benefit crystallisation information requirements) after sub-paragraph (2) insert – 30
- “(2A) In sub-paragraph (2) “information relating to events that are benefit crystallisation events”, in relation to any individuals, includes (in particular) information relating to occasions that are, or could (depending on their relative timing) be, the occasions on which the individuals first flexibly access pension rights for the purposes of sections 227B to 227F.” 35
- 95 (1) Schedule 34 to FA 2004 (application of certain tax charges to non-UK schemes) is amended as follows. 40
- (2) In paragraph 1(3) (list of “member payment charges”) before the “and” at the end of paragraph (d) insert –
- “(da) the charges under section 636A(1A) and (1B) of ITEPA 2003 (uncrystallised funds pension lump sums),”.
- (3) In paragraph 1(4) – 45

-
- (a) after “The “member payment provisions” are” insert “ –
 (a) ”, and
 (b) at the end insert “, and
 (b) section 636A(1A) to (1C) of ITEPA 2003.”
- (4) After paragraph 5 insert – 5
 “5A (1) Sub-paragraph (2) applies if –
 (a) a payment is made (or treated by this Part as made) to or in respect of a relieved member or transfer member of a relevant non-UK scheme, and
 (b) there is an amount of tax under a member payment charge that would be payable in respect of the payment, or part of the payment, but for the operation of double taxation arrangements. 10
- (2) The payment or (as the case may be) that part of it –
 (a) is “pension” for the purposes of Chapter 4 of Part 9 of ITEPA 2003 (foreign pensions); and 15
 (b) is to be treated as included in the list, in section 576A of ITEPA 2003, of payments that are “relevant withdrawals” for the purposes of that section.”
- (5) In paragraph 6 (tax under member payment charges to be reduced by foreign tax in respect of the payment concerned) – 20
 (a) in sub-paragraph (1) after “in consequence of paragraph 1” insert “, or by virtue of the operation of Chapter 4 of Part 9 of ITEPA 2003 in consequence of paragraph 5A,” and
 (b) in sub-paragraph (2) after “in consequence of paragraph 1” insert “or 5A”. 25
- (6) In paragraph 7(2) (regulations modifying the application, in relation to relevant non-UK schemes, of the member payment provisions) after paragraph (b) insert – 30
 “(ba) contain transitional provisions and savings,”.
- (7) After paragraph 9 insert –
 “9ZA(1) For the purposes of determining the annual allowance charge in the case of an individual for a relevant tax year, a pension scheme is to be treated for the purposes of section 227G as a registered pension scheme if – 35
 (a) in relation to that tax year, or
 (b) in relation to any earlier tax year (whether or not a relevant tax year),
 the scheme is a currently-relieved non-UK pension scheme and the individual is a currently-relieved member of the scheme. 40
- (2) For the purposes of this paragraph, a tax year is a “relevant tax year” in relation to an individual if –
 (a) it is – 45
 (i) the first tax year in relation to which the individual is a currently-relieved member of any currently-relieved non-UK pension scheme, or
 (ii) if later, the tax year 2015-16, or

- (b) it is a tax year subsequent to the tax year identified under paragraph (a).
- 9ZB (1) Sub-paragraph (2) has effect if at any particular time –
- (a) an individual is a transfer member of a relevant non-UK scheme, 5
 - (b) the scheme is, or at any previous time has been, a qualifying recognised overseas pension scheme, and
 - (c) the particular time is not in a tax year in relation to which the scheme is a currently-relieved non-UK pension scheme of which the individual is a currently-relieved member. 10
- (2) Section 227G applies in the individual’s case as if the scheme, so far as relating to the individual’s relevant transfer fund under the scheme, were a registered pension scheme at the particular time.
- (3) The reference in sub-paragraph (2) to the individual’s relevant transfer fund under the relevant non-UK scheme is to be read in accordance with paragraph 4.” 15
- (8) In paragraph 11 (calculating pension input amounts for certain non-UK money purchase arrangements) after sub-paragraph (2) insert –
- “(3) Where a calculation under section 233(1) as applied by paragraph 8 is being carried out for the purposes of section 227F(3) in respect of a period that ends at the end of a tax year (see paragraph 9 and section 227F(1)), the appropriate fraction for the purposes of sub-paragraph (1)(b) is the appropriate fraction given by sub-paragraph (2) for that tax year (even where the period in respect of which the calculation is being carried out is part only of that tax year).” 20 25
- (9) In paragraphs 12(2) and 19(2) (regulations modifying the application, in relation to relevant non-UK schemes, of the annual allowance provisions and lifetime allowance provisions) before the “and” at the end of paragraph (b) insert – 30
- “(ba) contain transitional provisions and savings,”.
- 96 (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 5 (Part 4 of FA 2004 is modified in accordance with Part 3 of the Regulations) for “these Regulations” substitute “this Part”. 35
- (3) Regulation 15 (modifications of Schedule 29 to FA 2004 in its application to relevant non-UK schemes) is amended in accordance with sub-paragraphs (4) to (14).
- (4) In paragraph (2), in the inserted paragraph 1(4B), before the “and” at the end of paragraph (a) insert – 40
- “(aa) the referable portion of any previous uncrystallised funds pension lump sum paid to or in respect of the member by a recognised overseas pension scheme;”.
- (5) In paragraph (2), in the inserted paragraph 1(4C), before the “and” at the end of paragraph (a) insert – 45
- “(aa) the referable portion of any previous uncrystallised funds pension lump sum to which the member became entitled

-
- under a relevant non-UK scheme since the paragraph 15 BCE occurred;”.
- (6) In paragraph (3)(a), in the inserted definition of “RP”, after “any previous pension commencement lump sum” insert “or previous uncrystallised funds pension lump sum”. 5
- (7) In paragraph (3)(b), in the inserted paragraph 2(7ZA), after “to a pension commencement lump sum,” insert “or to an uncrystallised funds pension lump sum,”.
- (8) In paragraph (4)(b), in the inserted paragraph 4(6), before the “and” at the end of paragraph (a) insert – 10
 “(aa) the referable portion of any previous uncrystallised funds pension lump sum paid to or in respect of the member by a recognised overseas pension scheme;”.
- (9) In paragraph (4)(b), in the inserted paragraph 4(7), before the “and” at the end of paragraph (a) insert – 15
 “(aa) the referable portion of any earlier uncrystallised funds pension lump sum to which the member became entitled under a relevant non-UK scheme since the paragraph 15 BCE occurred;”.
- (10) After paragraph (4) insert – 20
 “(4A) In paragraph 4A (uncrystallised funds pension lump sums) after sub-paragraph (2) insert –
 “(2A) In determining for the purposes of sub-paragraph (1)(b) whether all or part of the member’s lifetime allowance is available – 25
 (a) disregard any amount treated as crystallising by virtue of a relevant BCE, and
 (b) the amount of the allowance available is reduced by the amount determined in accordance with sub-paragraph (2B) or (2C), as the case may require.
 (2B) Where benefit crystallisation event 8 has occurred, the member’s lifetime allowance that is available is reduced by the aggregate of – 30
 (a) the referable portion of any previous pension commencement lump sum paid to or in respect of the member by a recognised overseas pension scheme,
 (b) the referable portion of any previous uncrystallised funds pension lump sum paid to or in respect of the member by a recognised overseas pension scheme, and 35
 (c) the referable portion of the amount which would have crystallised by virtue of the member becoming entitled to a pension, had the scheme paying it been a registered pension scheme and disregarding paragraph 2 of Schedule 32. 40
 (2C) Where the paragraph 15 BCE has occurred, the member’s lifetime allowance that is available is reduced by the aggregate of –
 (a) the referable portion of any earlier pension commencement lump sum to which the member became entitled under a relevant non-UK scheme since the paragraph 15 BCE occurred, 45

- (b) the referable portion of any earlier uncrystallised funds pension lump sum to which the member became entitled under a relevant non-UK scheme since the paragraph 15 BCE occurred, and
 - (c) in respect of any pension to which the member has become entitled since the paragraph 15 BCE occurred, the referable portion of the amount which would have crystallised by virtue of the member’s becoming entitled to the pension, had the scheme paying it been a registered pension scheme and disregarding paragraph 2 of Schedule 32.”” 5
10
- (11) In paragraph (6), in the inserted paragraph 7(7), before the “and” at the end of paragraph (a) insert –
- “(aa) the referable portion of any previous uncrystallised funds pension lump sum paid to or in respect of the member by a recognised overseas pension scheme;” 15
- (12) In paragraph (6), in the inserted paragraph 7(8), before the “and” at the end of paragraph (a) insert –
- “(aa) the referable portion of any earlier uncrystallised funds pension lump sum to which the member became entitled under a relevant non-UK scheme since the paragraph 15 BCE occurred;” 20
- (13) In paragraph (7), in the inserted paragraph 10(5), before the “and” at the end of paragraph (a) insert –
- “(aa) the referable portion of any previous uncrystallised funds pension lump sum paid to or in respect of the member by a recognised overseas pension scheme;” 25
- (14) In paragraph (7), in the inserted paragraph 10(6), before the “and” at the end of paragraph (a) insert –
- “(aa) the referable portion of any earlier uncrystallised funds pension lump sum to which the member became entitled under a relevant non-UK scheme since the paragraph 15 BCE occurred;” 30
- (15) After Part 3 insert –

“PART 4

18 Modifications to section 636A of ITEPA 2003 in respect of relevant non-UK schemes 35

Section 636A(1B) of the Income Tax (Earnings and Pensions) Act 2003 (income tax on uncrystallised funds pension lump sums under registered pension schemes: meaning of “member’s available lifetime allowance”) has effect in relation to relevant non-UK schemes as if the following provisions were inserted in section 636A of that Act after subsection (1C)– 40

- “(1D) In determining the member’s available lifetime allowance for the purposes of subsection (1B)–
- (a) disregard any amount treated as crystallising by virtue of – 45
 - (i) benefit crystallisation event 8 (see section 216 of, and Schedule 32 to, FA 2004), or

-
- (ii) the benefit crystallisation event treated as occurring by virtue of paragraph 15 of Schedule 34 to FA 2004 (“the paragraph 15 BCE”), and
- (b) the amount of the allowance available is reduced by the amount determined in accordance with subsection (1E) or (1F), as the case may require. 5
- (1E) Where benefit crystallisation event 8 has occurred, the member’s available lifetime allowance is reduced by the aggregate of—
- (a) the referable portion of any previous pension commencement lump sum paid to or in respect of the member by a recognised overseas pension scheme, 10
- (b) the referable portion of any previous uncrystallised funds pension lump sum paid to or in respect of the member by a recognised overseas pension scheme, and
- (c) the referable portion of the amount which would have crystallised by virtue of the member becoming entitled to a pension, had the scheme paying it been a registered pension scheme and disregarding paragraph 2 of Schedule 32 to FA 2004; 15
- and in this subsection “referable portion” means portion referable to the member’s relevant transfer fund (within the meaning given by paragraph 4 of Schedule 34 to FA 2004). 20
- (1F) Where the paragraph 15 BCE has occurred, the member’s available lifetime allowance is reduced by the aggregate of—
- (a) the referable portion of any earlier pension commencement lump sum to which the member became entitled under a relevant non-UK scheme since the paragraph 15 BCE occurred, 25
- (b) the referable portion of any earlier uncrystallised funds pension lump sum to which the member became entitled under a relevant non-UK scheme since the paragraph 15 BCE occurred, and 30
- (c) in respect of any pension to which the member has become entitled since the paragraph 15 BCE occurred, the referable portion of the amount which would have crystallised by virtue of the member’s becoming entitled to the pension, had the scheme paying it been a registered pension scheme and disregarding paragraph 2 of Schedule 32 to FA 2004; 35
- and in this subsection “referable portion” means portion referable to the member’s UK tax-relieved fund (within the meaning given by paragraph 3 of Schedule 34 to FA 2004). 40
- (1G) In subsections (1E) and (1F)—
- “recognised overseas pension scheme” and “pension” have the same meaning as in Part 4 of FA 2004 (see section 280(2) of FA 2004), and 45
- “relevant non-UK scheme” has the same meaning as in Schedule 34 to FA 2004 (see paragraph 1 of that Schedule).”
- (16) The amendments made by this paragraph—
- (a) have effect in relation to lump sums paid on or after 6 April 2015, and

- (b) are to be treated as having been made by the Commissioners for Her Majesty’s Revenue and Customs under such of the powers conferred on them by Schedule 34 to FA 2004 (as amended by this Schedule) as are applicable.

- 97 (1) In this paragraph – 5
 - “the 2013 Regulations” means the Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2013 (S.I. 2013/2259), and
 - “the 2006 Regulations” means the Pension Schemes (Information Requirements for Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006 (S.I. 2006/208). 10
- (2) In regulation 3 of the 2013 Regulations (paragraph 3(1A) of the 2006 Regulations has effect in relation to 5-year periods ending on or after 1 April 2015) for “1st April 2015” substitute “6 April 2016”. 15
- (3) In regulation 3(1C)(a) of the 2006 Regulations (transitional modification of the time limit in regulation 3(1A)) for “1st April 2010” substitute “6 April 2011”.

Taxation of Pensions Bill

A

B I L L

To make provision in connection with the taxation of pensions.

*Mr Chancellor of the Exchequer
supported by
the Prime Minister, the Deputy Prime Minister,
Secretary Iain Duncan Smith, Danny Alexander,
Mr David Gauke, Steve Webb,
Priti Patel and Andrea Leadsom*

*Ordered, by The House of Commons,
to be Printed, 14 October 2014.*

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