
STATUTORY RULES OF NORTHERN IRELAND

2005 No. 149

**The Pension Protection Fund (Compensation)
Regulations (Northern Ireland) 2005**

PART 8

COMPENSATION CAP MODIFICATIONS

Disregard of certain small payments in determining PPF compensation cap

21.—(1) For the purposes of paragraph 26 of Schedule 6 (compensation cap), in determining the restriction under that paragraph on the compensation to which a person is entitled in respect of a benefit under a scheme, a lump sum within sub-paragraph (6B)(b) of that paragraph (lump sums to which the person has previously become entitled) is to be disregarded if –

- (a) it is a trivial commutation lump sum or a winding up lump sum for the purposes of Part 1 of Schedule 29 to the Finance Act 2004⁽¹⁾ (see paragraphs 7 and 10 of that Schedule), and
- (b) its payment does not contravene any trivial commutation restriction that applies in the circumstances in question.

(2) In this regulation “trivial commutation restriction” means a restriction imposed by –

- (a) regulation 19, 20 or 60 of the Occupational Pension Schemes (Contracting-out) Regulations (Northern Ireland) 1996⁽²⁾,
- (b) regulation 2 of the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy etc.) Regulations (Northern Ireland) 1997⁽³⁾, or
- (c) regulation 3(2)(b) of the Pension Sharing (Pension Credit Benefit) Regulations (Northern Ireland) 2000⁽⁴⁾.

(3) Before 6th April 2006 this regulation applies with the modifications in paragraphs (4) and (5).

(4) For paragraph (1)(a) there shall be substituted –

- “(a) it extinguishes the person’s entitlement to benefits under the scheme,
(aa) its payment does not contravene Inland Revenue restrictions, and”.

(5) After paragraph (2) there shall be inserted –

“(3) For the purposes of this regulation a payment does not contravene Inland Revenue restrictions if –

- (a) in the case of a scheme that is an approved scheme for the purposes of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988⁽⁵⁾ (see section 612(1)

(1) 2004 c. 12

(2) S.R. 1996 No. 493; regulation 19 was substituted by regulation 2(7) of S.R. 2002 No. 109. Regulation 20 was amended by regulation 2(3) of S.R. 2000 No. 336 and regulation 2(8) of S.R. 2002 No. 109. Regulation 60 was amended by paragraph 5(12) of the Schedule to S.R. 1997 No. 160 and regulation 2(12) of S.R. 2002 No. 109

(3) S.R. 1997 No. 153; regulation 2 was amended by regulation 8 of S.R. 2002 No. 109

(4) S.R. 2000 No. 146, to which there are amendments not relevant to these regulations

(5) 1988 c. 1

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of that Act), it is permitted under the scheme rules in accordance with its approval for those purposes, and

- (b) in the case of a scheme that is a relevant statutory scheme for those purposes (see section 611A of that Act⁽⁶⁾), it is permitted under the regulations or rules governing the scheme as such a scheme.”.

(6) Section 611A was inserted by paragraph 15 of Schedule 6 to the Finance Act 1989 (c. 26)