



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 8

SUPPLEMENTARY

Interpretation

275 Insurance company

- (1) In this Part “insurance company” means—
- (a) a person who has permission under Part 4 of FISMA 2000 to effect or carry out contracts of long-term insurance, or
 - (b) an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to FISMA 2000 (certain direct insurance undertakings) which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to effect or carry out contracts of long-term insurance.
- (2) “Contracts of long-term insurance” means contracts which fall within Part 2 of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ([S.I. 2001/544](#)).

276 Relevant valuation factor

- (1) For the purposes of this Part the relevant valuation factor in relation to any registered pension scheme, or any arrangement under a registered pension scheme, is 20.

Status: This is the original version (as it was originally enacted).

- (2) But the Inland Revenue and the scheme administrator of any registered pension scheme may agree that the relevant valuation factor in relation to the pension scheme, or any arrangement under the pension scheme, is to be a number greater than 20.

277 Valuation assumptions

For the purposes of this Part the valuation assumptions in relation to a person, benefits and a date are—

- (a) if the person has not reached such age (if any) as must have been reached to avoid any reduction in the benefits on account of age, that the person reached that age on the date, and
- (b) that the person’s right to receive the benefits had not been occasioned by physical or mental impairment.

278 Market value

- (1) For the purposes of this Part the market value of an asset held for the purposes of a pension scheme is to be determined in accordance with section 272 of TCGA 1992.
- (2) Where an asset held for the purposes of a pension scheme is a right or interest in respect of any money lent (directly or indirectly) to any relevant associated person, the value of the asset is to be treated as being the amount owing (including any unpaid interest) on the money lent.
- (3) The following are “relevant associated persons”—
 - (a) any employer who has at any time (whether or not before the making of the loan) made contributions under the pension scheme,
 - (b) any company connected (at the time of the making of the loan or subsequently) with any such employer,
 - (c) any person who has at any time (whether or not before the making of the loan) been a member of the pension scheme, and
 - (d) any person connected (at the time of the making of the loan or subsequently) with any such person.
- (4) Section 839 of ICTA (connected persons) applies for the purposes of this section.

279 Other definitions

- (1) In this Part—

“the Board of Inland Revenue” means the Commissioners of Inland Revenue,

“charity” has the same meaning as in section 506 of ICTA,

“employee” and “employer” have the same meaning as in the employment income Parts of ITEPA 2003 (see sections 4 and 5 of that Act) but include (respectively) a former employee and a former employer (and “employment” is to be read accordingly),

“the Inland Revenue” means any officer of the Board of Inland Revenue,

“normal minimum pension age” means—

- (a) before 6th April 2010, 50, and
- (b) on and after that date, 55,

Status: This is the original version (as it was originally enacted).

“pension credit” and “pension debit” have the same meaning as in Chapter 1 of Part 4 of WRPA (see section 46(1) of that Act) or Chapter 1 of Part 5 of WRP(NI)O 1999 (see Article 43(1) of that Order),

“pension sharing order or provision” means any order or provision mentioned in section 28(1) of WRPA 1999 or Article 25(1) of WRP(NI)O 1999,

“personal representatives”, in relation to a person who has died, means—

- (a) in the United Kingdom, persons responsible for administering the estate of the deceased, and
- (b) in a country or territory outside the United Kingdom, the persons having functions under its law equivalent to those of administering the estate of the deceased,

“retail prices index” means the general index (for all items) published by the Office for National Statistics or, if that index is not published for a relevant month, any substituted index or index figures published by that Office,

“tax year” means, in relation to income tax, a year for which any Act provides for income tax to be charged, and

“the tax year 2006-07” means the tax year beginning on 6th April 2006 (and any corresponding expression in which two years are simultaneously mentioned is to be read in the same way).

- (2) In this Part references to payments made, or benefits provided, by a pension scheme are to payments made or benefits provided from sums or assets held for the purposes of the pension scheme.
- (3) For the purposes of this Part the sums and assets held for the purposes of an arrangement under a pension scheme are so much of the sums and assets held for the purposes of the pension scheme under which the arrangement is made as are properly attributable, in accordance with the provisions of the pension scheme and any just and reasonable apportionment, to the arrangement.

280 Abbreviations and general index

(1) In this Part—

“NIA 1965” means the National Insurance Act 1965 (c. 51),

“NIA(NI) 1966” means the National Insurance Act (Northern Ireland) 1966 (c. 6 (N.I.)),

“TMA 1970” means the Taxes Management Act 1970 (c. 9),

“ICTA 1970” means the Income and Corporation Taxes Act 1970 (c. 10),

“ICTA” means the Income and Corporation Taxes Act 1988 (c. 1),

“SSCBA 1992” means the Social Security Contributions and Benefits Act 1992 (c. 4),

“SSCB(NI)A 1992” means the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7),

“TCGA 1992” means the Taxation of Chargeable Gains Act 1992 (c. 12),

“WRPA 1999” means the Welfare Reform and Pensions Act 1999 (c. 30),

“WRP(NI)O 1999” means the Welfare Reform and Pensions (Northern Ireland) Order 1999 (S.I. 1999/ 3147 (N.I. 11)),

“FISMA 2000” means the Financial Services and Markets Act 2000 (c. 8),
and

Status: This is the original version (as it was originally enacted).

“ITEPA 2003” means the Income Tax (Earnings and Pensions) Act 2003
(c. 1).

(2) In this Part the following expressions are defined or otherwise explained by the provisions indicated—

accounting period	section 834(1) of ICTA
active member (of a pension scheme)	section 151(2)
active membership period (in sections 221 to 223)	section 221(4) and (5)
amount crystallised	section 216
annual allowance	section 228
annual allowance charge	section 227(1)
annuity protection lump sum death benefit	paragraph 16 of Schedule 29
arrangement	section 152(1)
authorised surplus payment	section 177
available (in relation to a person’s lifetime allowance)	section 219
basic rate	section 832(1) of ICTA
basic rate limit	section 832(1) of ICTA
benefits (provided by pension scheme)	section 279(2)
benefit crystallisation event	section 216
the Board of Inland Revenue	section 279(1)
borrowing (in Chapter 3)	section 163
cash balance arrangement	section 152(3)
cash balance benefits	section 152(5)
chargeable gain	section 832(1) of ICTA
charity	section 279(1)
company	section 832(1) of ICTA
compensation payment	section 178
contribution	sections 188(4) to (6) and 195
defined benefits	section 152(7)
defined benefits arrangement	section 152(6)
defined benefits lump sum death benefit	paragraph 13 of Schedule 29
dependant’s alternatively secured pension fund	paragraph 25 of Schedule 28
dependants' scheme pension	paragraph 16 of Schedule 28
dependant’s unsecured pension fund	paragraph 22 of Schedule 28

Status: This is the original version (as it was originally enacted).

employee and employer (and employment)	section 279(1)
employment income	section 7(2) of ITEPA 2003
enhanced lifetime allowance regulations	section 256(2)
entitled (in relation to a lump sum)	section 166(2)
entitled (in relation to a pension)	section 165(3)
higher rate	section 832(1) of ICTA
hybrid arrangement	section 152(8)
ill-health condition	paragraph 1 of Schedule 28
the individual (in sections 215 to 219)	section 214(5)
the Inland Revenue	section 279(1)
insurance company	section 275
investments (in relation to a pension scheme)	section 186(3) and (4)
liability (in Chapter 3)	section 163
lifetime allowance (in relation to a person)	section 218
lifetime allowance charge	section 214(1)
lifetime allowance enhancement factors	section 218(5)
lifetime allowance excess lump sum	paragraph 11 of Schedule 29
lifetime annuity	paragraph 3 of Schedule 28
loan (in Chapter 3)	section 162
lump sum death benefit	section 168(2)
market value	section 278
member (of a pension scheme)	section 151(1)
member's alternatively secured pension fund	paragraph 11 of Schedule 28
member's unsecured pension fund	paragraph 8 of Schedule 28
money purchase arrangement	section 152(2)
money purchase benefits	section 152(4)
net pay pension scheme	section 191(9)
normal minimum pension age	section 279(1)
occupational pension scheme	section 150(5)
overseas arrangement active membership period (in sections 224 to 226)	section 224(7) and (8)
overseas pension scheme	section 150(7)
payment (in Chapter 3)	section 161
payments (made by pension scheme)	section 279(2)
pension	section 165(2)

Status: This is the original version (as it was originally enacted).

pension commencement lump sum	paragraph 1 of Schedule 29
pension credit and pension debit	section 279(1)
pension input amount	section 229
pension input period	section 238
pension protection lump sum death benefit	paragraph 14 of Schedule 29
pension scheme	section 150(1)
the pension scheme (in sections 215 to 219)	section 214(5)
pension sharing order or provision	section 279(1)
pensioner member (of a pension scheme)	section 151(3)
period of account	section 832(1) of ICTA
personal representatives	section 279(1)
property investment LLP	section 842B of ICTA
public service pension scheme	section 150(3)
qualifying recognised overseas pension scheme	section 169(2)
recognised overseas pension scheme	section 150(8)
recognised overseas scheme arrangement (in sections 224 to 226)	section 224(2) and (3)
registered pension scheme	section 150(2)
relevant overseas individual	section 221(3)
relevant UK earnings	section 189(2)
relevant UK individual	section 189
relevant valuation factor	section 276
relievable pension contributions	section 188(2) and (3)
retail prices index	section 279(1)
scheme administrator	section 270 (but see also sections 271 to 274)
scheme chargeable payment	section 241
scheme manager	section 169(3)
scheme pension	paragraph 2 of Schedule 28
scheme sanction charge	section 239(1)
serious ill-health lump sum	paragraph 4 of Schedule 29
short service refund lump sum	paragraph 5 of Schedule 29
short service refund lump sum charge	section 205(1)
special lump sum death benefits charge	section 206(1)
sponsoring employer	section 150(6)
standard lifetime allowance	section 218(2) and (3)

sums and assets held for the purposes of an arrangement	section 279(3)
tax year	section 279(1)
the tax year 2006-07 etc.	section 279(1)
total income	section 835 of ICTA
total pension input amount	section 229
transfer lump sum death benefit	paragraph 19 of Schedule 29
trivial commutation lump sum	paragraph 7 of Schedule 29
unauthorised employer payment	section 160(4)
unauthorised member payment	section 160(2)
unauthorised payment	section 160(5)
unauthorised payments charge	section 208(1)
unauthorised payments surcharge	section 209(1)
uncrystallised funds lump sum death benefit	paragraph 15 of Schedule 29
unsecured pension fund lump sum death benefit	paragraph 17 of Schedule 29
valuation assumptions (in relation to a person)	section 277
winding-up lump sum	paragraph 10 of Schedule 29
winding-up lump sum death benefit	paragraph 21 of Schedule 29

Other supplementary provisions

281 Minor and consequential amendments

- (1) Schedule 35 contains minor and consequential amendments of enactments in consequence of, or otherwise in connection with, this Part.
- (2) The Treasury may by order make such other amendments (including repeals and revocations) as may appear appropriate in consequence of, or otherwise in connection with, this Part—
 - (a) in any enactment contained in an Act passed before 6th April 2006 or in the Session in which that date falls, and
 - (b) in any instrument made before that date or in the Session in which that date falls.
- (3) An order under subsection (2) may include any transitional provisions or savings appearing to the Treasury to be appropriate.

282 Orders and regulations

- (1) Any power of the Treasury or the Board of Inland Revenue to make any order or regulations under this Part is exercisable by statutory instrument.

Status: This is the original version (as it was originally enacted).

- (2) Any statutory instrument containing any order or regulations made by the Treasury or the Board of Inland Revenue under this Part is subject to annulment in pursuance of a resolution of the House of Commons.

283 Transitional and savings

- (1) Schedule 36 contains miscellaneous transitional provisions and savings.
- (2) The Treasury may by order make any other transitional provision which may appear appropriate in consequence of, or otherwise in connection with, this Part or the repeals made by this Act in consequence of this Part.
- (3) An order under subsection (2) may, in particular, include savings from the effect of any amendment made by this Part or any repeal made by this Act in consequence of this Part.
- (4) Nothing in Schedule 36 limits the power conferred by subsection (2).
- (5) Nothing in that Schedule or in any provision made by virtue of subsection (2) prejudices the operation of sections 16 and 17 of the Interpretation Act 1978 (c. 30) (effect of repeals).

284 Commencement

- (1) Chapters 3 to 7 and section 281 (with Schedule 35) do not come into force until 6th April 2006.
- (2) But any power to make an order or regulations under any of those provisions may be exercised at any time after this Act is passed.