



Finance Act 2006

2006 CHAPTER 25

PART 7

PENSIONS

158 Taxable property held by investment-regulated pension schemes

- (1) Schedule 21 (taxable property held by investment-regulated pension schemes) has effect.
- (2) This section and that Schedule are deemed to have come into force on 6th April 2006.

159 Recycling of lump sums

- (1) In Schedule 29 to FA 2004 (authorised lump sums), after paragraph 3 insert—
 - “3A (1) Where this paragraph applies in relation to a pension commencement lump sum paid to the member, the pension scheme is to be treated as making to the member an unauthorised payment of the appropriate amount.
 - (2) Subject to sub-paragraphs (3) and (4), this paragraph applies in relation to a pension commencement lump sum if—
 - (a) because of the lump sum, the amount of the contributions paid by or on behalf of, or in respect of, the member to the pension scheme, or to any other registered pension scheme, is significantly greater than it otherwise would be, and
 - (b) the member envisaged at the relevant time that that would be so.
 - (3) This paragraph does not apply in relation to any lump sum paid to the member on any day if the amount of the lump sum, when added to any other pension commencement lump sum paid to the member within the period of 12 months ending with that day, does not exceed 1% of the standard lifetime allowance on that day.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Part 7. (See end of Document for details)

- (4) This paragraph does not apply if the amount by which the contributions paid as mentioned in sub-paragraph (2)(a) is greater than it otherwise would be because of the lump sum does not exceed 30% of the amount of the lump sum.
 - (5) “The appropriate amount” is so much of—
 - (a) the amount crystallised by the benefit crystallisation event constituted by the payment of the lump sum, as does not exceed
 - (b) the amount of the member's lifetime allowance which is available on it.
 - (6) “The relevant time” is—
 - (a) if paragraph (a) of sub-paragraph (2) is satisfied before the lump sum is paid, the time when that paragraph is first satisfied, and
 - (b) otherwise, the time when the lump sum is paid.”
- (2) This section is deemed to have come into force on 6th April 2006.

160 Inheritance tax

- (1) Schedule 22 (provisions about inheritance tax in relation to registered pension schemes) has effect.
- (2) This section and that Schedule are deemed to have come into force on 6th April 2006.

161 Miscellaneous

- (1) Schedule 23 (miscellaneous amendments relating to pension schemes etc) has effect.
- (2) This section and that Schedule are deemed to have come into force on 6th April 2006.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Part 7.