

SCHEDULES

SCHEDULE 16

BENEFITS UNDER PENSION SCHEMES

PART 1

CHANGES TO BENEFITS AVAILABLE UNDER PENSION SCHEMES ETC

Annual allowance charge: persons meeting flexible drawdown conditions

- 45 (1) In section 227 of FA 2004 (annual allowance charge), at the end of subsection (4) insert—

“But see section 227A (individuals who meet flexible drawdown conditions).”

- (2) After section 227 insert—

“227A Individuals who meet flexible drawdown conditions

- (1) This section applies in the case of an individual in relation to whom there is or has been a flexible drawdown arrangement under a pension scheme.

In this section “flexible drawdown arrangement” means an arrangement to which section 165(3A) or 167(2A) applies.

- (2) For each tax year following the first tax year in which there was a flexible drawdown arrangement in relation to the individual, section 227 applies to the individual as if the reference in subsection (4) of that section to the amount by which the total pension input amount exceeds the amount of the annual allowance were a reference to the amount in subsection (3) of this section.

- (3) The amount referred to in subsection (2) is—

TPIA – RPIA

where—

TPIA is the total pension input amount for the tax year, and
RPIA is so much of the aggregate of the pension input amounts in respect of each defined benefits or cash balance arrangement relating to the individual under any registered pension scheme of which the individual is not an active member as does not exceed the annual allowance.

Status: This is the original version (as it was originally enacted).

- (4) For the tax year following the first tax year in which there was a flexible drawdown arrangement in relation to the individual, the reference in subsection (3) to a registered pension scheme of which the individual is not an active member includes, in a case where the individual was an active member of a registered pension scheme at any time during that first tax year but has not been such a member since the relevant time, a reference to that registered pension scheme.
- (5) In subsection (4) the “relevant time” is the time at which there first began to be a flexible drawdown arrangement in relation to the individual.”