

SCHEDULES

SCHEDULE 2

DEATH OF PENSION SCHEME MEMBER

PART 3

UNCRYSTALLISED RIGHTS AT MEMBER'S DEATH

- 21 In section 216(1) of FA 2004 (benefit crystallisation events and amounts crystallised), in the table, after the entry relating to benefit crystallisation event 5B insert—
- | | |
|--|--|
| “5C. The designation, on or after 6 April 2015 but before the end of the relevant two-year period, of relevant unused uncrystallised funds as available for the payment, to a dependant or nominee of the individual, of (as the case may be) dependants’ flexi-access drawdown pension or nominees’ flexi-access drawdown pension | The aggregate of the amount of the sums and the market value of the assets designated” |
|--|--|
- 22 (1) Section 217 of FA 2004 (persons liable to lifetime allowance charge) is amended as follows.
- (2) After subsection (1) insert—
- “(1A) Subsection (1) is subject to subsections (2) and (2A).”
- (3) In subsection (2) for “But where” substitute “Where”.
- (4) After subsection (2) insert—
- “(2A) Where the liability arises by reason of a designation mentioned in the description of benefit crystallisation event 5C, it is a liability of the dependant or nominee (as the case may be).”
- (5) For subsections (3) and (4) (multiple relevant lump sum death benefits) substitute—
- “(3) Subsection (4) applies if—
- (a) two or more relevant post-death benefit crystallisation events occur in respect of an individual, and
- (b) tax is not chargeable on the whole of the total of the amounts crystallised by them.
- (4) The person liable under subsection (2) or (2A) to the lifetime allowance charge charged by reason of the occurrence of any one of the relevant post-death benefit crystallisation events is liable to such portion of the total

Status: This is the original version (as it was originally enacted).

amount of the tax payable by reason of the relevant post-death benefit crystallisation events having occurred as appears to an officer of Revenue and Customs to be just and reasonable.

(4A) For the purposes of subsections (3) and (4), a benefit crystallisation event is a “relevant post-death benefit crystallisation event” if it is benefit crystallisation event 5C or 7.”

- (6) The amendment made by sub-paragraph (5) comes into force on 6 April 2015.
- 23 (1) Section 219 of FA 2004 (availability of individual’s lifetime allowance) is amended as follows.
- (2) In subsection (7) (cases where there is more than one benefit crystallisation event 7)—
- (a) after “more than one” insert “relevant post-death”,
 - (b) omit “by reason of the payment of lump sum death benefits”, and
 - (c) for “individual the” substitute “individual, the relevant post-death”.
- (3) After subsection (7) insert—
- “(7A) For the purposes of subsection (7), a benefit crystallisation event is a “relevant post-death benefit crystallisation event” if it is benefit crystallisation event 5C or 7.”
- (4) The amendments made by this paragraph come into force on 6 April 2015.
- 24 (1) Schedule 32 to FA 2004 (supplementary provisions about benefit crystallisation events) is amended as follows.
- (2) In paragraph 1 (meaning of “the relevant pension schemes”: in certain cases means schemes of which the individual was a member immediately before death) before “7” insert “5C or”.
- (3) After paragraph 14A insert—

“Benefit crystallisation event 5C: meaning of “relevant two-year period”

14B For the purposes of benefit crystallisation event 5C “the relevant two-year period”, in relation to relevant unused uncrystallised funds held for the purposes of a money purchase arrangement relating to the individual under any of the relevant pension schemes, means the period of two years beginning with the earlier of the day on which the scheme administrator of the scheme first knew of the individual’s death and the day on which the scheme administrator could first reasonably have been expected to have known of it.

Benefit crystallisation event 5C: meaning of “relevant unused uncrystallised funds”

14C (1) For the purposes of benefit crystallisation event 5C, sums or assets held after the death of the individual for the purposes of a money purchase arrangement relating to the individual under any of the relevant pension schemes are relevant unused uncrystallised funds if—

- (a) they are unused uncrystallised funds, and

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

- (b) the individual had not reached the age of 75 at the date of the individual's death.
- (2) Paragraph 27E(4) and (5) of Schedule 28 (meaning of “unused uncrystallised funds”) apply for the purposes of sub-paragraph (1)(a), but as if references to the member were references to the individual.”