



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Pensions

19 Certain lump sums to be taxed at marginal rate

- (1) Subsection (2) applies to any relevant lump sum, or any part of a relevant lump sum, that—
 - (a) is paid under a registered pension scheme, and
 - (b) would, disregarding section 18, have been chargeable to income tax under sections 214 to 226 of FA 2004 (lifetime allowance charge).
- (2) Section 579A of ITEPA 2003 (pensions under registered pension schemes) applies in relation to the relevant lump sum or part of the relevant lump sum as it applies to any pension under a registered pension scheme.
- (3) Subsection (4) applies to any lump sum, or any part of a lump sum, that—
 - (a) is paid under a relieved non-UK pension scheme,
 - (b) would have been a relevant lump sum within subsection (5)(a), (c) or (d) if it had been paid under a registered pension scheme, and
 - (c) would, disregarding section 18, have been chargeable to income tax under sections 214 to 226 of FA 2004 (as applied by paragraphs 13 to 19 of Schedule 34 to FA 2004 (application of lifetime allowance charge to non-UK schemes)).
- (4) Section 573 of ITEPA 2003 (foreign pensions) applies in relation to the lump sum or part of the lump sum as it applies to any pension paid by or on behalf of a person who is outside the United Kingdom to a person who is resident in the United Kingdom.
- (5) In this section “relevant lump sum” means—
 - (a) a serious ill-health lump sum,

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 19. (See end of Document for details)

- (b) a lifetime allowance excess lump sum,
 - (c) a defined benefits lump sum death benefit, or
 - (d) an uncrystallised funds lump sum death benefit;
- (6) Expressions used in subsection (5) have the same meaning as in Part 4 of FA 2004 (see Schedule 29 to that Act).
- (7) In this section—
- “registered pension scheme” has the same meaning as in Part 4 of FA 2004 (see section 150(2) of that Act);
 - “relieved non-UK pension scheme” has the meaning given by paragraph 13(3) of Schedule 34 to FA 2004.
- (8) This section has effect for the tax year 2023-24 and subsequent tax years.

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 19.