
STATUTORY INSTRUMENTS

1987 No. 1513

INCOME TAX

**The Occupational Pension Schemes
(Maximum Rate Lump Sum) Regulations 1987**

Made - - - - 26th August 1987

Coming into force - - 28th August 1987

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by paragraph 20(4) of Schedule 3 to the Finance (No.2) Act 1987(1), hereby make the following Regulations:

1. These Regulations may be cited as the Occupational Pension Schemes (Maximum Rate Lump Sum) Regulations 1987 and shall come into force on 28th August 1987.
2. These Regulations determine the amount of a maximum rate lump sum for the purposes of paragraphs 20 and 21 of Schedule 3 to the Finance (No.2) Act 1987.
3. The amount of a maximum rate lump sum shall be the appropriate fraction of the employee's relevant annual remuneration ascertained from the Table in the Schedule to these Regulations by reference to the period of the employee's service with the employer.

*A. B. Fallows
T. J. Painter*

26th August 1987

Two of the Commissioners of Inland Revenue

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SCHEDULE

Regulation 3

Table

Period of Service			Fraction of relevant remuneration
Years	Months	Days	Eightieths
1—8			1 for every 4 months
8	2		25
8	4		26
8	6		27
8	8		28
8	10		29
9			30
9	2		31
9	4		32
9	6		33
9	8		34
9	10		35
10			36
10	2		37
10	4		38
10	6		39
10	8		40
10	10		41
11			42
11	2		43
11	4		44
11	6		45
11	8		46
11	10		47
12			48
12	2		49
12	4		50
12	6		51
12	8		52
12	10		53

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Period of Service			Fraction of relevant remuneration
Years	Months	Days	Eightieths
13			54
13	1	10	55
13	2	20	56
13	4		57
13	5	10	58
13	6	20	59
13	8		60
13	9	10	61
13	10	20	62
14			63
14	1	10	64
14	2	20	65
14	4		66
14	5	10	67
14	6	20	68
14	8		69
14	9	10	70
14	10	20	71
15			72
15	1	10	73
15	2	20	74
15	4		75
15	5	10	76
15	6	20	77
15	8		78
15	9	10	79
15	10	20	80
16			81
16	1	10	82
16	2	20	83
16	4		84
16	5	10	85
16	6	20	86

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Period of Service			Fraction of relevant remuneration
Years	Months	Days	Eightieths
16	8		87
16	9	10	88
16	10	20	89
17			90
17	1	10	91
17	2	20	92
17	4		93
17	5	10	94
17	6	20	95
17	8		96
17	9	10	97
17	10	20	98
18			99
18	1	10	100
18	2	20	101
18	4		102
18	5	10	103
18	6	20	104
18	8		105
18	9	10	106
18	10	20	107
19			108
19	1		109
19	2		110
19	3		111
19	4		112
19	5		113
19	6		114
19	7		115
19	8		116
19	9		117
19	10		118
19	11		119

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Period of Service			Fraction of relevant remuneration
Years	Months	Days	Eightieths
20 or more			120

EXPLANATORY NOTE

(This note is not part of the Regulations)

Part II of Schedule 3 to the Finance (No.2) Act 1987 makes provisions with regard to occupational pension schemes approved before 23rd July 1987, the day upon which that Act received Royal Assent.

Paragraphs 20 and 21 of Schedule 3 apply where an employee becomes a member of such a scheme on or after 17th March 1987 and, respectively, the scheme allows him to commute his pension or part of it for a lump sum or sums or the scheme provides a lump sum or sums for him otherwise than by commutation of his pension or part of it.

In certain circumstances paragraphs 20 and 21 override the rules of such a scheme so as to limit the amount of a lump sum or lump sums which may be paid to an employee. Among the expressions used in the paragraphs is “maximum rate lump sum,” which by paragraph 20(4)(d) means a lump sum of such amount as may be determined by or under Regulations made by the Commissioners of Inland Revenue for the purposes of that paragraph and paragraph 21.

The Regulations provide for the determination of the amount of a “maximum rate lump sum”.

Regulation 1 provides for citation and commencement and regulation 2 is introductory.

Regulation 3 introduces the Schedule to the Regulations which contains a Table from which the amount of a “maximum rate lump sum” is to be ascertained by reference to the period of an employee’s service with his employer and the amount of his “relevant annual remuneration”, an expression defined in paragraph 26(1) of Schedule 3.