

**2006 No. 498**

**INCOME TAX**

**The Registered Pension Schemes (Block Transfers) (Permitted Membership Period) Regulations 2006**

<i>Made</i>	- - - -	<i>28th February 2006</i>
<i>Laid before the House of Commons</i>		<i>1st March 2006</i>
<i>Coming into force</i>	- -	<i>6th April 2006</i>

The Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by paragraph 22(6)(b) of Schedule 36 to the Finance Act 2004(a), and now exercisable by them(b), make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Registered Pension Schemes (Block Transfers) (Permitted Membership Period) Regulations 2006, and shall come into force on 6th April 2006.

**Permitted membership period for block transfers**

2.—(1) For the purposes of paragraph (b) of paragraph 22(6) of Schedule 36 to the Finance Act 2004 the period prescribed is a period of twelve months ending with the date on which the transfer is made.

(2) But in calculating that period of twelve months, any period before 6th April 2006 is ignored if conditions A and B are met.

(3) Condition A is that immediately before 6th April 2006 the member was a member of a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988(c) (personal pension schemes).

(4) Condition B is that the member's rights under that scheme consist solely of rights referable to either or both of the following—

- (a) amounts paid under the provisions mentioned in section 188(3)(c) of the Finance Act 2004;

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(a) 2004 c. 12. Paragraph 22(6)(b) of Schedule 36 was substituted by paragraph 55(4) of Schedule 10 to the Finance Act 2005 (c. 7) with effect from 6th April 2006.

(b) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50 of that Act provides that in so far as it is appropriate in consequence of section 5 a reference, however expressed, to the Commissioners of Inland Revenue is to be read as a reference to the Commissioners for Her Majesty's Revenue and Customs.

(c) 1988 c. 1.

(b) payments under the provisions mentioned in paragraph 14(2) of Schedule 36 to that Act(a).

*Paul Gray*  
*Mike Hanson*

28th February 2006

Two of the Commissioners for Her Majesty's Revenue and Customs

### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

Part 4 of the Finance Act 2004 (c. 12) makes new provision for pension schemes on and after 6 April 2006. Schedule 36 to that Act, which falls within Part 4, contains transitional provisions and savings, designed to protect rights which existed before 6th April 2006. The general principles are that rights are protected in the scheme under which they were held on 5th April 2006, and that protection is lost if the individual's rights are transferred out of the scheme on or after 6th April 2006; but some protection may be retained if, on or after 6th April 2006, an individual's rights are transferred out of the original pension scheme as part of a block transfer.

The meaning of the expression "block transfer" is dealt with in paragraph 22(6) of Schedule 36, as amended by paragraph 55(4) of Schedule 10 to the Finance Act 2005 (c. 11). As amended, paragraph (b) of paragraph 22(6) provides that one of the characteristics of a block transfer is either that the member was not a member of the pension scheme to which the transfer is made before the transfer or (alternatively) that the member has been a member of the pension scheme to which the transfer is made for no longer than the period prescribed in regulations.

These Regulations exercise the power conferred by paragraph (b) of paragraph 22(6) and provide that the period in question is to be a period of twelve months ending with the date on which the transfer is made. However, a period before 6th April 2006 is ignored if, during that period, the member was a member of a personal pension scheme and that membership related solely to contracted out rights.

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(a) Paragraph 14(2) of Schedule 36 was amended by paragraph 53(10) of Schedule 36 to the Finance Act 2005 (c. 7) with effect from 6th April 2006.

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