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STATUTORY INSTRUMENTS

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**2006 No. 572**

**The Taxation of Pension Schemes  
(Transitional Provisions) Order 2006**

**Lump sums with no connected pension**

**25.**—(1) In the case of an individual who meets one of the conditions set out in paragraph (2) paragraphs (3) to (5) apply.

(2) The conditions are —

*Condition A*

Relevant benefit accrual as defined in paragraph 13 of Schedule 36 has not occurred under the pension scheme in relation to the individual on or after the 6th April 2006, and the individual's rights under the pension scheme on 6th April 2006 consist only of—

- (a) uncrystallised lump sum rights or
- (b) uncrystallised pension rights where *VULSR* and *VUR* referred to in paragraph 31(6) of Schedule 36 have the same value.

*Condition B*

Paragraph 28 of Schedule 36 applies in relation to the individual, and all of the individual's uncrystallised rights under the scheme will come into payment at a single benefit crystallisation event.

*Condition C*

Paragraph 29 of Schedule 36 applies in relation to the individual, all of the individual's uncrystallised rights under the scheme will come into payment at a single benefit crystallisation event and at that time, *VULSR* and *VUR*, referred to in sub-paragraph (2) of that paragraph, have the same value.

(3) In section 166(1) (lump sum rule) after paragraph (a) insert—

“(aa) a stand-alone lump sum;”.

(4) In Part 1 of Schedule 29 after paragraph 3 insert—

**“Stand-alone lump sum**

**3A.** For the purposes of this Part a lump sum is a stand-alone lump sum if—

- (a) relevant benefit accrual (as defined in paragraph 13 of Schedule 36) has not occurred under the pension scheme in relation to the individual on or after the 6th April 2006, and the individual's rights under the pension scheme on 6th April 2006 consist only of—
  - (i) uncrystallised lump sum rights or
  - (ii) uncrystallised pension rights where *VULSR* and *VUR* referred to in paragraph 31(6) of Schedule 36 have the same value;
- (b) paragraph 28 of Schedule 36 (modification of paragraph 2 of Schedule 29 in the case of an individual to whom enhanced protection does not apply) applies in relation to

the individual, and all of the individual's uncrystallised rights under the scheme will come into payment at a single benefit crystallisation event; or

- (c) paragraph 29 of Schedule 36 (modification of applicable amount in the case of an individual to whom enhanced protection applies) applies in relation to the individual, all of the individual's uncrystallised rights under the scheme will come into payment at a single benefit crystallisation event and at that time, *VULSR* and *VUR*, referred to in sub-paragraph (2) of that paragraph, have the same value.”.

(5) In Schedule 32 (registered pension schemes: benefit crystallisation events — supplementary) in paragraph 15 after sub-paragraph (a) insert—

- “(aa) a stand-alone lump sum;”.