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STATUTORY INSTRUMENTS

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**2007 No. 3533**

**INCOME TAX**

**The Registered Pension Schemes (Meaning of Pension Commencement Lump Sum) (Amendment) Regulations 2007**

*Made* - - - - 14th December 2007  
*Laid before the House of Commons* - - - - 17th December 2007  
*Coming into force* - - 7th January 2008

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by paragraph 1(6) of Schedule 29 to the Finance Act 2004(1), and now exercisable by them(2).

**Citation and commencement**

1. These Regulations may be cited as the Registered Pension Schemes (Meaning of Pension Commencement Lump Sum) (Amendment) Regulations 2007 and shall come into force on 7th January 2008.

**Amendment of the Registered Pension Schemes (Meaning of Pension Commencement Lump Sum) Regulations 2006**

2. In regulation 4 of the Registered Pension Schemes (Meaning of Pension Commencement Lump Sum) Regulations 2006(3) (circumstances in which the Regulations apply)—

- (a) for “paragraphs (c) and (e)” substitute “paragraphs (a) and (c)”;
- (b) in sub-paragraph (b), for “three months” substitute “twelve months”.

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(1) [2004 c. 12](#). Paragraph 1(6) of Schedule 29 was inserted by paragraph 34(3) of Schedule 10 to the Finance Act [2005 \(c. 7\)](#) and amended by paragraph 11(3) of Schedule 20 to the Finance Act [2007 \(c. 11\)](#). Paragraph 24(3) of Schedule 20 deems those amendments always to have had effect.

(2) 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.

(3) [S.I. 2006/135](#).

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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14th December 2007

*Dave Hartnett*  
*Mike Hanson*  
Two of the Commissioners for Her Majesty's  
Revenue and Customs

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## EXPLANATORY NOTE

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

These Regulations amend the Registered Pension Schemes (Meaning of Pension Commencement Lump Sum) Regulations 2006 (“the 2006 Regulations”). These are essentially consequential amendments required as a result of changes to the Finance Act 2004, which contains the main tax provisions relating to pensions.

Paragraph 1(1) of Schedule 29 to the Finance Act 2004 has been amended. Paragraph 1(1) describes the conditions that must be satisfied for a lump sum to qualify as a pension commencement lump sum (lump sums otherwise attract a charge to tax as unauthorised payments). Originally, conditions (c) and (e) were respectively that the lump sum is paid within three months of the pension scheme member becoming entitled to it, and that it is paid before they are 75. Paragraph 1(6) allows the making of regulations prescribing when lump sums may qualify despite their not satisfying those conditions and that is what the 2006 Regulations do.

Paragraph 11 of Schedule 20 to the Finance Act 2007 amended paragraph 1(1) of Schedule 29 to the Finance Act 2004. The period of three months in condition (c) was extended to twelve months after the date of entitlement (and to six months before), and condition (e) (the age 75 limitation) was re-enacted as condition (a). Regulation 2 of these Regulations accordingly updates the references to those conditions in the 2006 Regulations accordingly. The change to condition (b) of regulation 4 (the time within which a tax repayment must be paid over to the pension scheme member) is not a consequential amendment, but it maintains consistency by adopting the same period as that in condition (c) of paragraph 1(1), as the original regulation had done.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen. On 21st March 2007 Her Majesty’s Revenue & Customs (“HMRC”) published a regulatory impact assessment in respect of the provisions of Schedule 20 to the Finance Act 2007 (pension schemes etc: miscellaneous) and the subordinate legislation that was expected to be made under it. The assessment is available on HMRC’s website at <http://www.hmrc.gov.uk/ria/simplifying-pensions.pdf> or (for hard copies) by writing to the Ministerial Correspondence Unit, 2nd Floor Ferrers House, PO Box 38, Castle Meadow Road, Nottingham, NG2 1BB.