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STATUTORY INSTRUMENTS

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**2015 No. 80**

**The Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) (Amendment) Order 2015**

**Amendments to section 232**

**13.** In section 232 (cash balance arrangements: adjustments of closing value)—

(a) in subsection (4)(1)—

(i) for the words from “If” to “by reason of” substitute “In subsection (4A) “relevant outward transfer” means”; and

(ii) omit “the amount of the reduction is to be added”;

(b) after subsection (4) insert—

“(4A) If there is a relevant outward transfer during the pension input period, then—

(a) if condition A is met, the amount of the reduction specified in paragraph (b) of that condition is to be added;

(b) if condition A is not met but the rights of the individual under the arrangement have been reduced by reason of the relevant outward transfer, the amount of that reduction is to be added.

Condition A is that—

(a) the relevant outward transfer (“the transfer”) takes place within a block transfer,  
(b) the rights of the individual under the arrangement have been reduced, and the rights of the individual under the pension scheme mentioned in subsection (4) have been increased, as a consequence (whether direct or indirect) of the transfer, and

(c) the amount of that reduction is equal (or virtually equal) to the amount of that increase.”;

(c) in subsection (6)(2)—

(i) for the words from “If” to “by reason of” substitute “In subsection (6A) “relevant inward transfer” means”; and

(ii) omit “, the amount of the reduction is to be subtracted”;

(d) after subsection (6) insert—

“(6A) If there is a relevant inward transfer during the pension input period, then—

(a) if condition B is met, the amount of the increase specified in paragraph (b) of that condition is to be subtracted;

(b) if condition B is not met but the rights of the individual under arrangement have been increased by reason of the relevant inward transfer, the amount of that increase is to be subtracted.

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(1) Subsection (4) was amended by paragraph 9 of Schedule 17 to the Finance Act 2011 (c. 11).

(2) Subsection (6) was amended by paragraph 9 of Schedule 17 to the Finance Act 2011.

Condition B is that—

- (a) the relevant inward transfer (“the transfer”) takes place within a block transfer,
- (b) the rights of the individual under the arrangement have been increased, and the rights of the individual under the pension scheme mentioned in subsection (6) have been reduced, as a consequence (whether direct or indirect) of the transfer, and
- (c) the amount of that increase is equal (or virtually equal) to the amount of that reduction.

(6B) For the purposes of Condition A in subsection (4A) and Condition B in subsection (6A)—

- (a) normal actuarial practice must be used when determining and comparing the amount of the reduction, and the amount of the increase, in rights,
- (b) the amount of a reduction or increase in rights under the arrangement is the difference between the amount of those rights under the arrangement immediately before the transfer and immediately after the transfer, and
- (c) the amount of an increase or reduction in rights under a pension scheme is the difference between the amount of those rights under the pension scheme immediately before the transfer and immediately after the transfer.

(6C) In subsections (4A) and (6A)—

“block transfer” means a transfer which involves the transfer in a single transaction of all the sums or assets held for the purposes of, or representing accrued rights under, the arrangements under a pension scheme which relate to the individual and at least one other member of that pension scheme so as to become held for the purposes of, or to represent rights under, any pension scheme.”;

(e) after subsection (6C) (as inserted by sub-paragraph (d)) insert—

“(6D) For the purposes of subsections (4A) and (6A), the rights of the individual under the arrangement have been reduced or increased, as the case may be, “by reason of” a transfer of sums or assets only where that reduction or increase is solely attributable to the value of those sums or assets.”;

(f) in subsection (8B)(3) omit paragraphs (a) and (b); and

(g) in subsection (8D) for “in a case where” to the end substitute—

“in a case where—

- (a) the individual becomes actually entitled to all of the individual’s benefits under the pension scheme or benefit crystallisation event 5, 5A or 5B occurs in relation to the individual and the pension scheme, and
- (b) the adjustment takes place after the individual becomes so entitled or the benefit crystallisation event occurs.”.

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(3) Subsections (8B) and (8D) were inserted by paragraph 9 of Schedule 17 to the Finance Act 2011.