These notes relate to the Scottish Parliamentary Pensions Act 2009 (asp 1) which received Royal Assent on 25 February 2009

SCOTTISH PARLIAMENTARY PENSIONS ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part R Taxes

Rule 96: Finance Act 2004 terms

408. Rule 96 provides a definition of the following key terms referred to under Part R:

i. "the 2004 Act" means the Finance Act 2004 which introduced a new tax regime for registered pension schemes from 6 April 2006;

ii. "event" is a benefit crystallisation event which happens when an individual becomes entitled to a pension benefit. That benefit, together with payment of any other pension benefits, are aggregated together to ensure they do not exceed the Lifetime Allowance limit. There are eight benefit crystallisation events listed in section 216 of the Finance Act 2004;

iii. "lifetime allowance charge" is a tax charge on the individual where the total of their pension entitlements exceed their Lifetime Allowance limit. The Scheme administrator and member are jointly liable for the charge;

iv. "scheme administrator" is the Fund trustees of the scheme for the purpose of identifying joint liability with an individual for any lifetime allowance charges under section 217 of the Finance Act 2004 (sections 270-274 of the Finance Act 2004 provide further detail on the exact liabilities that apply);

v. "unauthorised charge" is defined as two possible tax charges which apply where a payment is made out of the Pension Scheme Fund which is not one authorised to be made under section 164 of the Finance Act 2004. These are the unauthorised payment charge and the unauthorised payments surcharge (see sections 208-210 of the 2004 Finance Act 2004).