



Finance (No. 2) Act 2005

2005 CHAPTER 22

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 1

PERSONAL TAXATION

Social security pension lump sums

8 Meaning of “applicable year of assessment” in section 7

- (1) For the purposes of section 7 “the applicable year of assessment” has the meaning given by this section.
- (2) Subject to subsections (5) to (7), the applicable year of assessment is—
 - (a) the year of assessment in which the first benefit payment day falls, or
 - (b) if P dies before the beginning of that year of assessment, the year of assessment in which P dies.
- (3) For the purposes of subsection (2) “the first benefit payment day” is, subject to [F¹subsections (4) [F², (4A) and (4B)]] , the day as from which P's—
 - (a) Category A or Category B retirement pension,
 - (b) shared additional pension, or
 - (c) graduated retirement benefit,becomes payable following the period of deferment by virtue of which P's entitlement to the lump sum arises.
- (4) But where—
 - (a) the lump sum is a state pension lump sum to which P is entitled under paragraph 7A of Schedule 5 to SSCBA 1992 or paragraph 7A of Schedule 5

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to SSCB(NI)A 1992 or a graduated retirement benefit lump sum to which P is entitled under a provision corresponding to either of those paragraphs, and

- (b) at the time of S's death, P was entitled to a Category A or Category B retirement pension or (as the case may be) graduated retirement benefit,

the first benefit payment day is the day on which S died; and for this purpose "S" is the person by virtue of whose period of deferment P's entitlement to the lump sum arises.

[^{F3}(4A) In a case where the social security pension lump sum is a lump sum under section 8 of the Pensions Act 2014 or under any corresponding provision under the law of Northern Ireland, "the first benefit payment day" for the purposes of subsection (2) is the day as from which the lump sum becomes payable.]

[^{F4}(4B) In a case where the social security pension lump sum is a lump sum under regulations under section 10 of the Pensions Act 2014 which make provision corresponding or similar to section 8 of that Act or under any corresponding provision under the law of Northern Ireland, "the first benefit payment day" for the purposes of subsection (2) is the day as from which the lump sum becomes payable.]

(5) Subsections (6) and (7) apply where social security regulations make provision enabling the making of an election for a social security pension lump sum to be paid in the year of assessment ("the later year of assessment") next following that given by subsection (2).

(6) If such an election is made by P and is not revoked, the applicable year of assessment is—

- (a) the later year of assessment, or
 (b) if P dies before the beginning of that year of assessment, the year of assessment in which P dies.

(7) If—

- (a) P dies after the beginning of the later year of assessment,
 (b) by the time of P's death, P has not notified the Secretary of State as to whether or not P wishes to make such an election,
 (c) social security regulations make provision enabling the making of such an election in such a case by the personal representatives of P, and
 (d) P's personal representatives make such an election in accordance with the regulations,

the applicable year of assessment is the later year of assessment.

(8) For the purposes of determining the applicable year of assessment, it does not matter when the lump sum is actually paid.

(9) In this section—

"Category A or Category B retirement pension" means Category A or Category B retirement pension under Part 2 of SSCBA 1992 or Part 2 of SSCB(NI)A 1992;

"graduated retirement benefit" means graduated retirement benefit under section 36 or 37 of NIA 1965 or section 35 or 36 of NIA(NI) 1966;

"shared additional pension" means shared additional pension under Part 2 of SSCBA 1992 or Part 2 of SSCB(NI)A 1992;

"social security regulations" means any regulations under—

- (a) the Social Security Administration Act 1992 (c. 5), or

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(b) the Social Security Administration (Northern Ireland) Act 1992 (c. 8).

(10) This section is to be construed as one with section 7.

Textual Amendments

- F1** Words in s. 8(3) substituted (6.4.2016) by Pensions Act 2014 (c. 19), s. 56(4), **Sch. 12 para. 50(2)**
- F2** Words in s. 8(3) substituted (6.4.2016) by The Pensions Act 2014 (Consequential and Supplementary Amendments) Order 2016 (S.I. 2016/224), **art. 6(2)(a)**
- F3** S. 8(4A) inserted (6.4.2016) by Pensions Act 2014 (c. 19), s. 56(4), **Sch. 12 para. 50(3)**
- F4** S. 8(4B) inserted (6.4.2016) by The Pensions Act 2014 (Consequential and Supplementary Amendments) Order 2016 (S.I. 2016/224), **art. 6(2)(b)**

Changes to legislation:

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