

## SCHEDULES

### SCHEDULE 1

#### PENSION FLEXIBILITY ETC

#### PART 3

##### PENSION PAYMENTS OUT OF UNCRYSTALLISED FUNDS

##### *Related amendments in Part 9 of ITEPA 2003*

62 (1) Section 636A of ITEPA 2003 (taxation of pension lump sums) is amended as follows.

(2) After subsection (1) insert—

“(1A) In the case of an uncrystallised funds pension lump sum paid under a registered pension scheme when the member has not reached the age of 75—

- (a) no liability to income tax arises on 25% of the sum, and
- (b) section 579A applies in relation to the other 75% of the sum as it applies to any pension under a registered pension scheme.

(1B) In the case of an uncrystallised funds pension lump sum paid under a registered pension scheme when the member has reached the age of 75—

- (a) if the member’s available lifetime allowance when the sum is paid is equal to or greater than the sum—
  - (i) no liability to income tax arises on 25% of the sum, and
  - (ii) section 579A applies in relation to the other 75% of the sum as it applies to any pension under a registered pension scheme, and
- (b) if the member’s available lifetime allowance when the sum is paid is less than the sum—
  - (i) no liability to income tax arises on the part of the sum that is equal to 25% of the member’s available lifetime allowance when the sum is paid, and
  - (ii) section 579A applies in relation to the rest of the sum as it applies in relation to any pension under a registered pension scheme.

(1C) For the purposes of subsection (1B), the amount of the member’s available lifetime allowance when the sum is paid is what it is for the purposes of Part 4 of FA 2004 (see section 219 of FA 2004), but adjusted in accordance with the rules in paragraphs (a) and (b) of paragraph 12(1A) of Schedule 29 to FA 2004.”

(3) In subsection (2) (subsection (1) does not limit operation of lifetime allowance charge) for “subsection (1) does” substitute “subsections (1) to (1B) do”.

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*Status: This is the original version (as it was originally enacted).*

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- (4) In subsection (6) (definitions) after ““serious ill health lump sum”,” insert—  
““uncrystallised funds pension lump sum”,”.