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**Changes to legislation:** Finance Act 2016, Cross Heading: Trivial commutation lump sum is up to date with all changes known to be in force on or before 07 August 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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## SCHEDULES

### SCHEDULE 5

#### PENSION FLEXIBILITY

##### *Trivial commutation lump sum*

- 7 (1) Paragraph 7 of Schedule 29 to FA 2004 (interpretation of lump sum rule: meaning of “trivial commutation lump sum”) is amended as follows.
- (2) In sub-paragraph (1)(aa) (sum must be paid in respect of a defined benefits arrangement), after “arrangement,” insert “ or in respect of a scheme pension payable by the scheme administrator to which the member has become entitled under a money purchase arrangement (an “in-payment money-purchase in-house scheme pension”), or partly in respect of the former and partly in respect of the latter, ”.
- (3) In sub-paragraph (1)(d) (sum must extinguish member's entitlement to defined benefits under the scheme), after “defined benefits” insert “ , and any entitlement to payments of in-payment money-purchase in-house scheme pensions, ”.
- 8 (1) Section 636B of ITEPA 2003 (taxation of trivial commutation, and winding-up, lump sums) is amended as follows.
- (2) In subsection (3) (taxation of lump sum where member has uncrystallised rights under the pension scheme)—
- (a) in the words before paragraph (a) omit “(within the meaning of section 212 of FA 2004)”, and
- (b) in paragraph (b), for “the uncrystallised rights calculated in accordance with that section” substitute “ any uncrystallised rights extinguished by the lump sum ”.
- (3) After subsection (4) insert—
- “(5) In this section “uncrystallised rights” has the same meaning as in section 212 of FA 2004; and the value for the purposes of this section of any uncrystallised rights is to be calculated in accordance with that section.”
- 9 The amendments made by paragraphs 7 and 8 have effect in relation to lump sums paid after the day on which this Act is passed.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)