



Finance Act 2016

2016 CHAPTER 24

PART 5

INHERITANCE TAX ETC

94 Inheritance tax: pension drawdown funds

- (1) IHTA 1984 is amended as follows.
- (2) In the italic heading before section 10, at the end insert “ (and omissions that do not give rise to deemed dispositions) ”.
- (3) In section 12(2G) (interpretation of section 12(2ZA)), in the definition of “entitled”, for “166(2)” substitute “ 167(1A), or section 166(2), ”.
- (4) After section 12 insert—

“12A Pension drawdown fund not used up: no deemed disposition

- (1) Where a person has a drawdown fund, section 3(3) above does not apply in relation to any omission that results in the fund not being used up in the person's lifetime.
- (2) For the purposes of subsection (1) above, a person has a drawdown fund if the person has—
 - (a) a member's drawdown pension fund,
 - (b) a member's flexi-access drawdown fund,
 - (c) a dependant's drawdown pension fund,
 - (d) a dependant's flexi-access drawdown fund,
 - (e) a nominee's flexi-access drawdown fund, or
 - (f) a successor's flexi-access drawdown fund, andin respect of a money purchase arrangement under a registered pension scheme.

Changes to legislation: Finance Act 2016, Section 94 is up to date with all changes known to be in force on or before 22 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

(3) For the purposes of subsection (1) above, a person also has a drawdown fund if sums or assets held for the purposes of a money purchase arrangement under a corresponding scheme would, if that scheme were a registered pension scheme, be the person's—

- (a) member's drawdown pension fund,
- (b) member's flexi-access drawdown fund,
- (c) dependant's drawdown pension fund,
- (d) dependant's flexi-access drawdown fund,
- (e) nominee's flexi-access drawdown fund, or
- (f) successor's flexi-access drawdown fund,

in respect of the arrangement.

(4) In this section—

“corresponding scheme” means—

- (a) a qualifying non-UK pension scheme (see section 271A below),
or
- (b) a section 615(3) scheme that is not a registered pension scheme;

“money purchase arrangement” has the same meaning as in Part 4 of the Finance Act 2004 (see section 152 of that Act);

“member's drawdown pension fund”, “member's flexi-access drawdown fund”, “dependant's drawdown pension fund”, “dependant's flexi-access drawdown fund”, “nominee's flexi-access drawdown fund” and “successor's flexi-access drawdown fund” have the meaning given, respectively, by paragraphs 8, 8A, 22, 22A, 27E and 27K of Schedule 28 to that Act.”

(5) The amendment made by subsection (4)—

- (a) so far as relating to a fund within the new section 12A(2)(a) or (c) (drawdown pension funds), or to a fund within the new section 12A(3) that corresponds to a fund within the new section 12A(2)(a) or (c)—
 - (i) has effect where the person who has the fund dies on or after 6 April 2011, and
 - (ii) is to be treated as having come into force on 6 April 2011, and
- (b) so far as relating to a fund mentioned in the new section 12A(2)(b), (d), (e) or (f) (flexi-access drawdown funds), or to a fund within the new section 12A(3) that corresponds to a fund within the new section 12A(2)(b), (d), (e) or (f)—
 - (i) has effect where the person who has the fund dies on or after 6 April 2015, and
 - (ii) is to be treated as having come into force on 6 April 2015.

(6) Where an amount paid by way of—

- (a) inheritance tax, or
- (b) interest on inheritance tax,

is repayable as a result of the amendment made by subsection (4), section 241(1) of IHTA 1984 applies as if the last date for making a claim for repayment of the amount were 5 April 2020 if that is later than what would otherwise be the last date for that purpose.

Changes to legislation:

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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\(3\)](#)