



Finance Act 2024

2024 CHAPTER 3

PART 1

INCOME TAX AND CORPORATION TAX

CHAPTER 2

PENSIONS

14 Provision in connection with abolition of the lifetime allowance charge

- (1) [Schedule 9](#) contains amendments in consequence of, or otherwise in connection with, the provision made by sections 18, 19 and 23 of F(No.2)A 2023 (which relate to the abolition of the lifetime allowance charge).
- (2) In that Schedule—
 - (a) Part 1 contains repeals of the provisions of Part 4 of FA 2004 (pension schemes etc) that impose the lifetime allowance charge, and amendments relating to those repeals;
 - (b) Part 2 contains amendments of Part 4 of FA 2004, Part 9 of ITEPA 2003, and subordinate legislation, relating to the taxation of lump sums paid by registered pension schemes;
 - (c) Part 3 contains amendments of Part 4 of FA 2004, Part 9 of ITEPA 2003, and subordinate legislation, relating to the taxation of lump sums paid by certain unregistered non-UK pension schemes and to the overseas transfer charge;
 - (d) Part 4 contains amendments of provisions that confer transitional protections in relation to the introduction of the lifetime allowance charge or reductions in the amount of the lifetime allowance;
 - (e) Part 5 contains amendments of Part 4 of FA 2004 and subordinate legislation relating to the provision of information;
 - (f) Part 6 contains provision about commencement and transitional matters, and powers to make further provision.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2024, Chapter 2. (See end of Document for details)

- (3) The following provisions of F(No.2)A 2023 (which are superseded by the amendments contained in Parts 1 and 2 of [Schedule 9](#)) are repealed—
- section 18 (abolition of lifetime allowance charge);
 - section 19 (certain lump sums to be taxed at marginal rate).
- (4) The amendments contained in [Schedule 9](#) include repeals of provisions that are spent or are no longer of practical utility.

15 **MPs’ pension scheme etc: rectification of discrimination**

- (1) The Treasury may by regulations make provision about the treatment for the purposes of income tax or capital gains tax of—
- (a) rectification payments, or tax redress payments, made to or in respect of a member of a relevant pension scheme,
 - (b) tax windfalls resulting from a rectification exercise, or
 - (c) increases or decreases resulting from a rectification exercise in—
 - (i) the rate of a scheme pension payable by a relevant pension scheme, or
 - (ii) the value of any rights under a relevant pension scheme in respect of a member.
- (2) “Relevant pension scheme” means—
- (a) an MPs’ pension scheme,
 - (b) a Senedd pension scheme, or
 - (c) an Assembly pension scheme.
- (3) “Rectification payment” means—
- (a) a payment of pension benefits that—
 - (i) are payable as a result of a rectification exercise, and
 - (ii) would have become payable at an earlier time if the rectification exercise had been retrospective, or
 - (b) a refund of pension contributions that is owed as a result of a rectification exercise.
- (4) “Tax redress payment” means a payment made to or in respect of a member of a relevant pension scheme where—
- (a) the member was subject to a rectification exercise, and
 - (b) the payment represents compensation for an amount paid in respect of an income tax liability for any tax year that would not have arisen if the rectification exercise had been retrospective.
- (5) “Tax windfall”, in relation to a rectification exercise and a member of a relevant pension scheme, means—
- (a) a liability of the member for the annual allowance charge that would have arisen in the tax year 2023-24 or any earlier tax year, or
 - (b) a liability of the member for the lifetime allowance charge that would have arisen in the tax year 2022-23 or any earlier tax year,
- if the rectification exercise had been retrospective.
- (6) “Rectification exercise” means an exercise, conducted by a relevant pension scheme in accordance with the rules of the scheme, under which the benefits payable to or in

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respect of a member in respect of the member’s remediable service (or any part of the member’s remediable service)—

- (a) cease to be career average benefits and become instead final salary benefits, or
- (b) cease to be final salary benefits and become instead career average benefits.

(7) Regulations under this section may—

- (a) modify any enactment contained in the Income Tax Acts or relating to capital gains tax;
- (b) impose a charge to income tax in relation to a tax windfall;
- (c) make different provision for different cases;
- (d) include consequential, incidental, supplemental, transitional, transitory or saving provision.

(8) Regulations under this section—

- (a) if made before 6 April 2025, may be made so as to have effect in relation to the tax year 2024-25;
- (b) if made on or after 6 April 2025, may include provision that has effect in relation to times before the regulations are made if that provision does not increase any person’s liability to tax.

(9) In this section—

“an Assembly pension scheme” means a pension scheme made under section 48 of the Northern Ireland Act 1998;

“lifetime allowance charge” means the charge to income tax under section 214 of FA 2004, as it had effect before its repeal by this Act;

“modify” includes disapply or supplement;

“an MPs’ pension scheme” means a pension scheme made under paragraph 12(1) of Schedule 6 to the Constitutional Reform and Governance Act 2010;

“remediable service” means service that is pensionable service under a relevant pension scheme and—

- (a) in the case of service that is pensionable service under an MPs’ pension scheme, takes place in the period beginning with 8 May 2015 and ending with 31 March 2023;
- (b) in the case of service that is pensionable service under a Senedd pension scheme or an Assembly pension scheme, takes place in the period beginning with 6 May 2016 and ending with 6 May 2021;

“scheme pension” has the same meaning as in Part 4 of FA 2004 (pensions etc);

“a Senedd pension scheme” means a pension scheme made under section 20 of the Government of Wales Act 2006.

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