
STATUTORY INSTRUMENTS

2007 No. 829

The Taxation of Pension Schemes (Protected Rights and Pension Commencement Lump Sums) (Amendment) Order 2007

Consequential amendment of the Occupational Pension Schemes (Discharge of Protected Rights on Winding Up) Regulations 1996

2. In the Occupational Pension Schemes (Discharge of Protected Rights on Winding Up) Regulations 1996⁽¹⁾—

- (a) in regulation 1(2) (interpretation), in the appropriate alphabetical places, insert—
- ““income withdrawal” has the meaning given by paragraph 7 of Schedule 28 to the Finance Act 2004 (income withdrawal);
 - “lifetime annuity” has the meaning given by paragraph 3 of Schedule 28 to the Finance Act 2004⁽²⁾ (lifetime annuity);
 - “scheme pension” has the meaning given by paragraph 2 of Schedule 28 to the Finance Act 2004⁽³⁾ (scheme pension); and
 - “the scheme pension purchase price” has the meaning given by paragraph 3(7B) of Schedule 29 to the Finance Act 2004⁽⁴⁾ (the scheme pension purchase price);”;
- (b) for regulation 5(5)⁽⁵⁾ (conditions upon which appropriate policies of insurance may be commuted), substitute—
- “(5) The limit referred to in paragraph (4) must not exceed—
- (a) in respect of a scheme pension, the lesser of—
 - (i) one third of the value of the protected rights included in the scheme pension purchase price; or
 - (ii) the amount which represents the proportion (expressed in percentage terms) of the value of the protected rights which is equal to the percentage that the pension commencement lump sum bears to the scheme pension purchase price and the pension commencement lump sum; or
 - (b) in respect of a lifetime annuity or income withdrawal, the lesser of—
 - (i) 25 per cent. of the member’s protected rights which are crystallised by the member’s benefit crystallisation event 6 and the relevant pension benefit crystallisation event connected with event 6 (“the member’s benefit crystallisation events”); or
 - (ii) the amount which represents the proportion (expressed in percentage terms) of the value of the protected rights which is equal to the percentage

(1) [S.I. 1996/775](#).

(2) Paragraph 3 was amended by paragraphs 1 and 13 of Schedule 10 and Part 4 of Schedule 11 to the Finance Act 2005 (c.7).

(3) Paragraph 2 was amended by paragraphs 1 and 11 of Schedule 10, and Part 4 of Schedule 11 to the Finance Act 2005 and paragraphs 1 and 20 of Schedule 23 to the Finance Act 2006 (c.25).

(4) Paragraph 3(7B) was inserted by paragraph 22(3) of Schedule 23 to the Finance Act 2006.

(5) Regulation 5 was substituted by [S.I. 2006/744](#).

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that the pension commencement lump sum bears to the amount crystallised by the member's benefit crystallisation events.”.