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STATUTORY INSTRUMENTS

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**2015 No. 633**

**INCOME TAX**

**The Registered Pension Schemes (Transfer of Sums and Assets) (Amendment) Regulations 2015**

<i>Made</i>	- - - -	<i>10th March 2015</i>
<i>Laid before the House of Commons</i>	- - - -	<i>11th March 2015</i>
<i>Coming into force</i>	- -	<i>6th April 2015</i>

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by paragraphs 3(2B) and (2C), 6(1B) and (1C), 17(3) and (4) and 20(1B) and (1C) of Schedule 28 to the Finance Act 2004<sup>(1)</sup> and now exercisable by them<sup>(2)</sup> and paragraphs 27C(2) and (3) and 27H(2) and (3) of that Schedule<sup>(3)</sup>.

**Citation and commencement**

1. These Regulations may be cited as the Registered Pension Schemes (Transfer of Sums and Assets) (Amendment) Regulations 2015 and come into force on 6th April 2015.

**Amendment of the Registered Pension Schemes (Transfer of Sums and Assets) Regulations 2006**

2. The Registered Pension Schemes (Transfer of Sums and Assets) Regulations 2006<sup>(4)</sup> are amended as follows.

3. After regulation 12<sup>(5)</sup> insert—

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- (1) 2004 c. 12. Paragraphs 3(2B) and (2C), 6(1B) and (1C), 17(3) and (4) and 20(1B) and (1C) of Schedule 28 were inserted by paragraphs 13(3), 14(4), 15(3) and 16(4) of Schedule 10 to the Finance Act 2005 (c. 7). Paragraphs 3(2C), 6(1C), 17(4) and 20(1C) were amended by paragraphs 44(1), 46(1), 49(1) and 51(1) of Schedule 1 to the Taxation of Pensions Act 2014 (c. 30).
- (2) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(1) of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50(1) of that Act provides that insofar as it is appropriate in consequence of section 5, a reference in an enactment, however expressed, to the Commissioners of Inland Revenue is to be treated as a reference to the Commissioners for Her Majesty's Revenue and Customs.
- (3) Paragraphs 27C(2) and (3) and 27H(2) and (3) were inserted by paragraph 3 of Schedule 2 to the Taxation of Pensions Act 2014.
- (4) S.I. 2006/499, to which there are amendments not relevant to these Regulations.
- (5) Regulation 12 was substituted by S.I. 2011/1790 and amended by paragraph 34 of Schedule 1 and paragraph 16 of Schedule 2 to the Taxation of Pensions Act 2014.

**“Lifetime annuity — new annuity not a lifetime annuity for the purposes of Part 4**

**13.** In a case within paragraph 3(2B)(a) of Schedule 28 (transfer of sums or assets on cessation of lifetime annuity) where—

- (a) a new annuity becomes payable,
- (b) the member becomes entitled to it on or after 6th April 2015,
- (c) it would be a lifetime annuity but for this regulation,
- (d) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases<sup>(6)</sup>, and
- (e) the member became entitled to the original lifetime annuity<sup>(7)</sup> before 6th April 2015, or sums or assets (or both) derived from a transfer or a series of transfers of sums or assets (or both) from an insurance company<sup>(8)</sup> in respect of a lifetime annuity to which the member became entitled before 6th April 2015 were applied towards the provision of the original lifetime annuity,

the new annuity is not a lifetime annuity for the purposes of Part 4.

**Short-term annuity: new annuity not a short-term annuity for the purposes of Part 4**

**14.** In any case within paragraph 6(1B) of Schedule 28 (transfer of sums or assets on cessation of short-term annuity) where—

- (a) a new annuity becomes payable,
- (b) the member becomes entitled to it on or after 6th April 2015,
- (c) it would be a short-term annuity but for this regulation,
- (d) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases<sup>(9)</sup>, and
- (e) the member became entitled to the original short-term annuity<sup>(10)</sup> before 6th April 2015, or sums or assets (or both) derived from a transfer or a series of transfers of sums or assets (or both) from an insurance company in respect of a short-term annuity to which the member became entitled before 6th April 2015 were applied towards the provision of the original short-term annuity,

the new annuity is not a short-term annuity for the purposes of Part 4.

**Dependants’ annuity: new annuity not a dependants’ annuity for the purposes of Part 4**

**15.—(1)** In any case within paragraph 17(3) of Schedule 28 (transfer of sums or assets on cessation of dependants’ annuity) where—

- (a) a new annuity becomes payable,
- (b) the dependant becomes entitled to it on or after 6th April 2015,
- (c) it would be a dependants’ annuity but for this regulation,

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<sup>(6)</sup> Allowed decreases is defined in paragraph 3(2E) of Schedule 28, which was inserted by paragraph 44(2) of Schedule 1 to the Taxation of Pensions Act 2014.

<sup>(7)</sup> Original lifetime annuity is defined in paragraph 3(2B) of Schedule 28 to the Finance Act 2004.

<sup>(8)</sup> Insurance company is defined in section 275 of the Finance Act 2004.

<sup>(9)</sup> Allowed decreases is defined in paragraph 6(1E) of Schedule 28, which was inserted by paragraph 46(2) of Schedule 1 to the Taxation of Pensions Act 2014.

<sup>(10)</sup> Original short-term annuity is defined in paragraph 6(1B) of Schedule 28 to the Finance Act 2004.

(d) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases(11), and

(e) condition A, B, C or D is met,

the new annuity is not a dependants' annuity for the purposes of Part 4.

(2) Condition A is that the dependant became entitled to the original dependants' annuity(12) before 6th April 2015.

(3) Condition B is that sums or assets (or both) derived from a transfer or a series of transfers of sums or assets (or both) from an insurance company, in respect of a dependants' annuity to which the dependant became entitled before 6th April 2015, were applied towards the provision of the original dependants' annuity.

(4) Condition C is that the original dependants' annuity was purchased together with a lifetime annuity payable to the member and the member became entitled to that lifetime annuity before 6th April 2015.

(5) Condition D is that sums or assets (or both) derived from a transfer or a series of transfers of sums or assets (or both) from an insurance company, in respect of a dependants' annuity that was purchased together with a lifetime annuity payable to the member and the member became entitled to that lifetime annuity before 6th April 2015, were applied towards the provision of the original dependants' annuity.

(6) For the purposes of paragraphs (4) and (5) a dependants' annuity is purchased together with a lifetime annuity if the dependants' annuity is related to the lifetime annuity(13).

**Dependants' short-term annuity: new annuity not a dependants' short-term annuity for the purposes of Part 4**

**16.** In any case within paragraph 20(1B) of Schedule 28 (transfer of sums or assets on cessation of dependants' short-term annuity) where—

(a) a new annuity becomes payable,

(b) the dependant becomes entitled to it on or after 6th April 2015,

(c) it would be a dependants' short-term annuity but for this regulation,

(d) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases(14), and

(e) the dependant became entitled to the original dependants' short-term annuity(15) before 6th April 2015, or sums or assets (or both) derived from a transfer or a series of transfers of sums or assets (or both) from an insurance company in respect of a dependants' short-term annuity to which the dependant became entitled before 6th April 2015 were applied towards the provision of the original dependants' short-term annuity,

the new annuity is not a dependants' short-term annuity for the purposes of Part 4.

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(11) Allowed decreases is defined in paragraph 17(6) of Schedule 28, which was inserted by paragraph 49(2) of Schedule 1 to the Taxation of Pensions Act 2014.

(12) Original dependants' annuity is defined in paragraph 17(3) of Schedule 28 to the Finance Act 2004.

(13) Paragraph 3(4A) of Schedule 29 to the Finance Act 2004 defines when a dependants' annuity is related to a lifetime annuity. Paragraph 3(4A) was inserted by paragraph 30 of Schedule 10 to the Finance Act 2005.

(14) Allowed decreases is defined in paragraph 20(1E) of Schedule 28, which was inserted by paragraph 51(2) of Schedule 1 to the Taxation of Pensions Act 2014.

(15) Original dependants' short-term annuity is defined in paragraph 20(1B) of Schedule 28 to the Finance Act 2004.

**Nominees' short-term annuity — unauthorised payments**

17. In any case within paragraph 27C(2) of Schedule 28 (transfer of sums or assets on cessation of nominees' short-term annuity) except where a new nominees' short-term annuity becomes payable, the relevant registered pension scheme is to be treated as making an unauthorised payment in respect of the member of an amount equal to the aggregate of the amount of the sums and the market value of the assets transferred.

**Successors' short-term annuity — unauthorised payments**

18. In any case within paragraph 27H(2) of Schedule 28 (transfer of sums or assets on cessation of successors' short-term annuity) except where a new successors' short-term annuity becomes payable, the relevant registered pension scheme is to be treated as making an unauthorised payment in respect of the member of an amount equal to the aggregate of the amount of the sums and the market value of the assets transferred.”.

*Jim Harra  
Edward Troup*

Two of the Commissioners for Her Majesty's  
Revenue and Customs

10th March 2015

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Registered Pension Schemes (Transfer of Sums and Assets) Regulations 2006 (S.I. 2006/499) (“the 2006 Regulations”) to reflect the pension flexibilities introduced by the Taxation of Pensions Act 2014 (c. 30).

Paragraph 3 inserts new regulations 13 to 18 into the 2006 Regulations.

New regulation 13 specifies the circumstances in which, following a transfer of sums or assets on the cessation of a lifetime annuity, the new lifetime annuity will not be a lifetime annuity for the purposes of Part 4 of the Finance Act 2004 (c. 12). New regulations 14, 15 and 16 make similar provision in respect of short-term annuities, dependants’ annuities and dependants’ short-term annuities.

New regulation 17 provides that where a nominee’s short-term annuity ceases to be paid on a transfer of sums or assets, the transfer is treated as an unauthorised payment except where a new nominee’s short-term annuity becomes payable. New regulation 18 makes similar provision in respect of successors’ short-term annuities.

An updated Tax Information and Impact Note was published on 10th December 2014 alongside the Taxation of Pensions Act 2014 and is available on the government website at <https://www.gov.uk/government/publications/pension-flexibility-2015> . It remains an accurate summary of the impacts that apply to this instrument.