
STATUTORY INSTRUMENTS

2024 No. 356

The Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024

Part 2

Amendments of primary legislation

Chapter 15A of Part 9 of ITEPA 2003

2. In Chapter 15A of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes)(1), in section 637G (trivial commutation lump sums and winding-up lump sums), in subsection (2), after “the amount of the taxable pension income” insert “—

- “(a) if all the member’s rights under the pension scheme are uncrystallised rights, is 75% of the lump sum, and
- (b) otherwise.”

Part 4 of FA 2004

3.—(1) Part 4 of FA 2004 (pension schemes etc) is amended as follows.

(2) After section 244IC (availability of member’s overseas transfer allowance)(2) insert—

“244ID Information to be provided by relieved relevant non-UK scheme on block transfer

(1) Subsection (2) applies where—

- (a) a relieved relevant non-UK scheme (“the transferring scheme”) makes a transfer to a QROPS, and
- (b) the transfer is a block transfer in relation to any member of the transferring scheme.

(2) The scheme manager of the transferring scheme must, before the end of the period of 91 days beginning with the day of the transfer, provide the scheme manager of the QROPS with a statement stating—

- (a) that the transfer is a block transfer and, accordingly, that an onward transfer subsequently made by the QROPS of sums or assets derived from those transferred by the block transfer may give rise to an overseas transfer charge under section 244IA,
- (b) the date of the transfer, and
- (c) the transferred value of the transfer (determined in accordance with section 244K).

(1) 2003 c. 1. Chapter 15A was added by paragraph 11 of Schedule 31 to FA 2004 and substituted by paragraph 41 of Schedule 9 to FA 2024. Section 38 of FA 2024 defines “ITEPA 2003” as the Income Tax (Earnings and Pensions) Act 2003.

(2) Sections 244IA, 244IB and 244IC were added to FA 2004 by paragraph 54 of Schedule 9 to FA 2024.

(3) Section 244AB(2)(a) (meaning of “block transfer”) applies for the purposes of this section.”.

(3) Section 244K (meaning of “transferred value”)(3) is amended in accordance with paragraphs (4) to (7).

(4) In subsection (7)—

(a) in the words before paragraph (a), for “the charge” substitute “a charge under section 244AC or 244IA”;

(b) in the words after paragraph (b), for “given by subsections (2) to (6) grossed up by reference to the rate specified in subsection (1)” substitute “specified in subsection (7A)”.

(5) After subsection (7) insert—

“(7A) The amount mentioned in subsection (7) is the aggregate of—

- (a) the chargeable portion,
- (b) the gross-up amount, and
- (c) the non-chargeable portion (if any).

(7B) In subsection (7A)—

“the chargeable portion” is—

- (a) in a case where the amount of the overseas transfer charge in relation to the transfer is to be determined under paragraph (a) of section 244JA(1), an amount equal to so much of the transferred value of the original transfer mentioned in that paragraph as did not exceed the amount of the member’s overseas transfer allowance that was available on the making of the original transfer;
- (b) in a case where the amount of the overseas transfer charge in relation to the transfer is to be determined under paragraph (b) of section 244JA(1), the amount given by subsections (2) to (6);
- (c) in a case where the amount of the overseas transfer charge in relation to the transfer is to be determined under section 244JA(2), so much of the amount given by subsections (2) to (6) as exceeds the amount of the member’s overseas transfer allowance that is available on the making of the transfer;

“the gross-up amount” is an amount equal to one third of the chargeable portion;

“the non-chargeable portion” is—

- (a) the amount given by subsections (2) to (6), less
- (b) the chargeable portion.”.

(6) In subsection (8), for “the charge” substitute “a charge under section 244AC or 244IA”.

(7) In subsection (9), for “the charge”, in the first place it occurs substitute “a charge under section 244AC or 244IA”.

(8) In section 280 (abbreviations and general index)(4), in the table in subsection (2), at the appropriate place insert—

“disqualifying pension credit	section 278A”. (5)
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(9) Schedule 29 (definitions of lump sums) is amended in accordance with paragraphs (10) to (12).

(3) Section 244K was added by paragraph 11 of Schedule 4 to FA 2017 (c. 10).

(4) Section 280 has been amended on many occasions, none of which is relevant to this amendment.

(5) Section 278A was added to FA 2004 by paragraph 23 of Schedule 9 to FA 2024.

- (10) In paragraph 3C (pension commencement excess lump sum)(6)—
- (a) in sub-paragraph (1), in paragraph (b), after “lump sum allowance” insert “, or when none of the individual’s lump sum and death benefit allowance,”;
 - (b) omit sub-paragraphs (2) and (3);
 - (c) in sub-paragraph (5)—
 - (i) in paragraph (a), after “lump sum allowance” insert “or lump sum and death benefit allowance”;
 - (ii) omit paragraph (b) and the “or” before it.
- (11) In paragraph 4A (uncrystallised funds pension lump sum)(7) omit sub-paragraph (7).
- (12) In paragraph 8 (trivial commutation lump sum: value of member’s relevant crystallised pension rights on the nominated date)(8), in sub-paragraph (1)—
- (a) in the words before sub-paragraph (a) omit “the aggregate of”;
 - (b) omit sub-paragraph (a) and the “and” after it.
- (13) Schedule 36 (transitional provision and saving: pre-commencement benefit rights) is amended in accordance with paragraphs (14) and (15).
- (14) Omit paragraph 29A (enhancement of lump sum allowance where paragraph 24 applies)(9).
- (15) In paragraph 34 (application of Schedule 29 to FA 2004 where paragraph 31 of that Schedule applies)(10), in sub-paragraph (2), for the definition of D substitute—
- ““D” is—
- (a) if the relevant pension is income withdrawal, the applicable amount determined in accordance with paragraph 2A of Schedule 29;
 - (b) if the relevant pension is a lifetime annuity, the applicable amount determined in accordance with paragraph 2B of Schedule 29;
 - (c) if the relevant pension is a scheme pension under a defined benefits arrangement, or a collective money purchase arrangement, the applicable amount determined in accordance with paragraph 2C of Schedule 29;
 - (d) if the relevant pension is a scheme pension under a money purchase arrangement that is not a collective money purchase arrangement, the scheme pension purchase price as it would be defined by paragraph 2D of Schedule 29 if the words “(subject to sub-paragraph (4))” in sub-paragraph (3), and sub-paragraph (4), were omitted.” (11)

Schedule 9 to FA 2024

- 4.—(1) Schedule 9 to FA 2024 (pensions) is amended as follows.
- (2) Paragraph 125 (transitional provision: availability of individual’s lump sum allowance) is amended in accordance with paragraphs (3) to (7).
- (3) In sub-paragraph (1) —
- (a) in paragraph (a) omit the “and” at the end;
 - (b) at the end of paragraph (b) insert “, and

(6) Paragraph 3C was added by paragraph 26(9) of Schedule 9 to FA 2024.

(7) Paragraph 4A was added by paragraph 57 of Schedule 1 to the Taxation of Pensions Act 2014 (c. 30) and amended by paragraph 21(5) of Schedule 5 to FA 2021 (c. 26) and paragraph 28 of Schedule 9 to FA 2024.

(8) Paragraph 8 was amended by section 42(2) of FA 2014 (c. 26) and paragraph 30(2) of Schedule 9 to FA 2024.

(9) Paragraph 29A was added by paragraph 85 of Schedule 9 to FA 2024.

(10) Paragraph 34 was substituted by paragraph 87 of Schedule 9 to FA 2024.

(11) Paragraphs 2A, 2B, 2C and 2D were added by paragraph 26(5) of Schedule 9 to FA 2024.

- “(c) at the time the relevant benefit crystallisation occurs, the individual—
- (i) is not an individual to whom paragraph 12 of Schedule 36 to FA 2004 applies (enhanced protection), or
 - (ii) is such an individual and is not within paragraph 24(1) of Schedule 36 to FA 2004 (persons with lump sum protection).”.

(4) Omit sub-paragraph (2).

(5) In sub-paragraph (3) for “Otherwise, the” substitute “The”.

(6) After sub-paragraph (3) insert—

“(3A) Where—

- (a) the individual is an individual to whom paragraph 7 of Schedule 36 to FA 2004 applies (primary protection),
- (b) the individual is not within paragraph 24(1) of Schedule 36 to FA 2004 (persons with lump sum protection), and
- (c) 25% of the individual’s lifetime allowance previously-used amount is greater than £375,000,

sub-paragraph (3) has effect as if the amount determined under paragraph (b) of that sub-paragraph were £375,000.”.

(7) In sub-paragraph (4), for “sub-paragraphs (2) and (3) do” substitute “sub-paragraph (3) does”.

(8) Paragraph 126 (transitional provision: availability of individual’s lump sum and death benefit allowance) is amended in accordance with paragraphs (9) to (11).

(9) In sub-paragraph (1)—

- (a) in paragraph (a) omit the “and” at the end;
- (b) at the end of paragraph (b) insert “, and”;
- (c) after that paragraph insert—

“(c) at the time the relevant benefit crystallisation occurs, the individual is not an individual to whom paragraph 12 of Schedule 36 to FA 2004 applies (enhanced protection).”(12).

(10) After sub-paragraph (3) insert—

“(3A) Where—

- (a) the individual is an individual to whom paragraph 7 of Schedule 36 to FA 2004 applies (primary protection),
- (b) the individual is not within paragraph 24(1) of Schedule 36 to FA 2004 (persons with lump sum protection),
- (c) the appropriate percentage is 25%, and
- (d) 25% of the individual’s lifetime allowance previously-used amount is greater than £375,000,

sub-paragraph (3) has effect as if the amount determined under paragraph (b) of that sub-paragraph were £375,000.”.

(11) In sub-paragraph (4), for “sub-paragraph (3)” substitute “sub-paragraphs (3) and (3A)”.

(12) After paragraph 127 (transitional tax-free amount certificates) insert—

“Availability of member’s overseas transfer allowance

(1) This paragraph applies where—

(12) Paragraph 29A was added by paragraph 85 of Schedule 9 to FA 2024.

- (a) one or more benefit crystallisation events within the meaning of Part 4 of FA 2004 occurred in relation to an individual before 6 April 2024, and
 - (b) a transfer of the kind mentioned in section 244IA(1)(a) of FA 2004 is made in relation to the individual on or after that date.
- (2) Where the individual's lifetime allowance previously-used amount is equal to or greater than the individual's lifetime allowance, none of the individual's overseas transfer allowance is available on the making of the transfer.
- (3) Otherwise, the amount of the individual's overseas transfer allowance that is available on the making of the transfer is—
- (a) the amount of that allowance that is available in accordance with section 244IC of FA 2004 on the making of the transfer, less
 - (b) the individual's lifetime allowance previously-used amount,
- or, if that produces a negative result, nil.”
- (13) In paragraph 128 (provision of information by scheme administrators to members), in sub-paragraph (6)(a), before sub-paragraph (i) insert—
- “(zi) the amount of the member's lifetime allowance previously-used amount is equal to or greater than the member's lifetime allowance,”.
- (14) Paragraph 129 (interpretation) is amended in accordance with paragraphs (15) to (17).
- (15) In sub-paragraph (1) (definition of “lump sum transitional tax-free amount”)—
- (a) in paragraph (a) omit the “and” at the end;
 - (b) after paragraph (b) insert—
 - “(c) each stand-alone lump sum (if any) to which the individual has, before 6 April 2024, become entitled under a registered pension scheme, so far as no charge to income tax under Part 9 of ITEPA 2003 or Part 4 of FA 2004 arises in respect of it, and
 - (d) where a benefit crystallisation event within sub-paragraph (2)(a) of paragraph 20 of Schedule 36 to FA 2004 (pre-commencement pensions) was treated as having occurred before 6 April 2024 in relation to the individual, an amount equal to 25% of the amount treated as crystallised by that event under sub-paragraph (2) (b) of that paragraph.”.
- (16) In sub-paragraph (2) (definition of “lump sum and death benefit transitional tax-free amount”)—
- (a) omit the “and” at the end of paragraph (a);
 - (b) at the end of sub-paragraph (b) insert “, and
 - “(c) where a benefit crystallisation event within sub-paragraph (2)(a) of paragraph 20 of Schedule 36 to FA 2004 (pre-commencement pensions) was treated as having occurred before 6 April 2024 in relation to the individual, an amount equal to 25% of the amount treated as crystallised by that event under sub-paragraph (2) (b) of that paragraph.”.
- (17) In sub-paragraph (5) (other definitions)—
- (a) at the appropriate place insert—
 - ““stand-alone lump sum” has the meaning given by article 25 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006 (S.I. 2006/572);”(13);
 - (b) in the final entry in the list, after “uncrystallised funds pension lump” insert “sum”.

(18) Paragraph 130 (statements for certain members who would not otherwise receive one in the tax year 2024/25) is amended in accordance with paragraphs (19) and (20).

(19) For sub-paragraph (3) substitute—

“(3) The statement must contain the information in regulation 14(3) of the Provision of Information Regulations (percentage of standard lifetime allowance expended by benefit crystallisation events) in respect of benefit crystallisation events occurring before 6 April 2024.”(14).

(20) In sub-paragraph (4), in the definition of “the Provision of Information Regulations” at the end insert “, as those regulations had effect immediately before 6 April 2024”.

(21) After paragraph 130 insert—

“Lump sums paid on or after 6 April 2024 where entitlement arose before that date

(1) This paragraph applies in relation to a lump sum to which a member of a registered pension scheme becomes entitled before 6 April 2024 and which is paid on or after that date.

(2) The amendments made by Schedule 9 to FA 2024 and these regulations are to be disregarded for the purposes of determining—

- (a) the extent (if any) to which the lump sum is a lump sum within subsection (1) of section 166 of FA 2004 (lump sum rule), and
- (b) the tax treatment of the lump sum.”(15).

(22) For the italic heading before paragraph 132 substitute—

“Modifications of scheme rules”.

(23) In paragraph 132—

- (a) the existing text becomes sub-paragraph (1);
- (b) in that sub-paragraph, after “member’s entitlement to”, in both places insert “, or to the payment of,”;
- (c) after that sub-paragraph insert—

“(2) The amendments of Part 4 of FA 2004 made by or under this Schedule do not affect the interpretation of any relevant rule of a registered pension scheme.

(3) For the purposes of sub-paragraph (2), a rule of a registered pension scheme is “relevant” if the rule imposes a limit on the amount of a benefit payable under the scheme to, or in respect of, a member by reference to the member’s lifetime allowance, the standard lifetime allowance or the lifetime allowance charge.

(4) In this paragraph “lifetime allowance”, “standard lifetime allowance” and “lifetime allowance charge” have the same meaning as in Part 4 of FA 2004 as that Part had effect immediately before 6 April 2024.

(5) This paragraph ceases to have effect at the end of the tax year 2028-29.”.

(24) After paragraph 132 insert—

“Continuity of the law

(1) This paragraph applies where any provision of or made under this Schedule re-enacts (with or without modification) a provision of the pensions tax code that is repealed by or under this Schedule.

(2) The repeal and re-enactment does not affect the continuity of the law.

(3) Anything done (including any subordinate legislation made) or having effect as if done, under or for the purposes of the repealed provision that could have been done under or for the purposes

(14) The Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567).

(15) Section 166(1) was amended by paragraph 5 of Schedule 5 to FA 2014 and paragraph 54 of Schedule 1 to the Taxation of Pensions Act 2014 (c. 30).

of the corresponding provision of the pensions tax code, if in force or effective immediately before the commencement of that corresponding provision, has effect thereafter as if done under or for the purposes of that corresponding provision.

(4) Any reference (express or implied) in any enactment, instrument or document to a provision of the pensions tax code shall be construed (so far as the context permits) as including, as respects times, circumstances or purposes in relation to which the corresponding repealed provision had effect, a reference to that corresponding provision.

(5) Any reference (express or implied) in any enactment, instrument or document to a repealed provision shall be construed (so far as the context permits) as respects times, circumstances or purposes in relation to which the corresponding provision of the pensions tax code has effect, as being or (according to the context) including a reference to that corresponding provision.

(6) This paragraph has effect subject to any specific transitional provision or saving contained in or made under this Schedule.

(7) In this paragraph a reference to an enactment being repealed includes its being substituted or revoked.

(8) In this paragraph “pensions tax code” means—

- (a) Part 4 of FA 2004 (pension schemes) and subordinate legislation made under it, and
- (b) Part 9 of ITEPA 2003 (pension income) and subordinate legislation made under it.”.