

2024 No. 356

INCOME TAX

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

<i>Made</i> - - - -	<i>12th March 2024</i>
<i>Laid before the House of Commons</i>	<i>14th March 2024</i>
<i>Coming into force</i> - -	<i>6th April 2024</i>

The Treasury make these Regulations in exercise of the powers conferred by section 169(4) and section 251(1) of the Finance Act 2004^(a) and paragraphs 133 and 134 of Schedule 9 to the Finance Act 2024^(b).

PART 1

Introductory

Citation and commencement

1.—(1) These regulations may be cited as the Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024.

(2) These regulations come into force on 6th April 2024.

(3) The amendments made by these regulations have effect for the tax year 2024-25 and subsequent tax years.

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)^(c), 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) 2004 c. 12.

(b) 2024 c. 3. In the footnotes to this instrument, references to “FA” followed by a year is a reference to the Finance Act of that year.

(c) 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.

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

(3) Section 244K (meaning of “transferred value”)(b) 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

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

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

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)(a), in the table in subsection (2), at the appropriate place insert—

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

(10) In paragraph 3C (pension commencement excess lump sum)(c)—

- (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)(d) omit sub-paragraph (7).

(12) In paragraph 8 (trivial commutation lump sum: value of member's relevant crystallised pension rights on the nominated date)(e), 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.

(a) Section 280 has been amended on many occasions, none of which is relevant to this amendment.
(b) Section 278A was added to FA 2004 by paragraph 23 of Schedule 9 to FA 2024.
(c) Paragraph 3C was added by paragraph 26(9) of Schedule 9 to FA 2024.
(d) 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.
(e) Paragraph 8 was amended by section 42(2) of FA 2014 (c. 26) and paragraph 30(2) of Schedule 9 to FA 2024.

(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)(a).

(15) In paragraph 34 (application of Schedule 29 to FA 2004 where paragraph 31 of that Schedule applies)(b), 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.”(c)

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

(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,

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

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

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

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).”(a).

(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

127A (1) This paragraph applies where—

- (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.”.

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

(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);”(a);

(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.”(b).

(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—

(a) S.I. 2006/572. Article 25 was substituted by S.I. 2006/2004 and amended by S.I. 2011/1782.

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

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

130A (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.”(a).

(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

132A (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 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

(a) 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).

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.”.

PART 3

Amendments of subordinate legislation

The Tax Credits (Definition and Calculation of Income) Regulations 2002

5.—(1) The Tax Credits (Definition and Calculation of Income) Regulations 2002(a) are amended as follows.

- (2) In regulation 5 (pension income)—
 - (a) in paragraph (1)(o), for “636B or 636C” substitute “637G or 637N”;
 - (b) in paragraph (2), in Table 2, in entry 10, in the first column, for “section 636A of ITEPA” substitute “any provision of Chapter 15A of Part 9 of ITEPA (lump sums under registered pension schemes) apart from sections 637G and 637N”.

The Income Tax (Pay As You Earn) Regulations 2003

6.—(1) The Income Tax (Pay As You Earn) Regulations 2003(b) are amended as follows.

(2) In regulation 58 (procedure if no Form P45 and code not known: UK pensioners), in paragraph (7)—

- (a) in the opening words, at the end insert “a payment which”;
- (b) for sub-paragraph (a) substitute—
 - “(a) is treated as taxable pension income under—
 - (i) section 637G of ITEPA (trivial commutation lump sums and winding-up lump sums), or
 - (ii) section 637N of that Act (trivial commutation lump sum death benefits), and”.

(a) S.I. 2002/2006. Regulation 5(1)(o) was inserted by S.I. 2006/766. Regulation 5(1)(o) was amended by paragraph 11 of Schedule 31 to FA 2004. Column 1 of entry 10 in the Table was amended by S.I. 2006/745.

(b) S.I. 2003/2682. Regulation 58 was amended by S.I. 2005/2691, 2007/2969, 2012/822 and 2013/521.

- (c) in sub-paragraph (b) omit “which”.

The Registered Pension Schemes (Accounting and Assessment) Regulations 2005

7.—(1) The Registered Pension Schemes (Accounting and Assessment) Regulations 2005(a) are amended as follows.

(2) In regulation 3 (the particulars required to be included in returns under section 254), in paragraph (1), in Table 1—

- (a) omit the entry relating to the charge under section 214 of FA 2004 (lifetime allowance charge);
- (b) in the entry relating to the charge under section 244A (overseas transfer charge), in the first column, for “section 244A (overseas transfer charge)” substitute “section 244AC (overseas transfer charge: transfers where no exclusion applies) or section 244IA (overseas transfer charge: transfers exceeding available allowance)”.

(3) In regulation 4 (the making of assessments), in paragraph (1), in Table 2 omit the entry for case 3 (lifetime allowance charge on receipt of a lump sum death benefit).

(4) In regulation 5 (interest on tax due under section 254 or assessed under regulation 4), in paragraph (3), in Table 3 omit the entry for tax assessed under case 3.

(5) In regulation 8 (modifications and application of TMA)—

- (a) in paragraph (1) omit “3, ”;
- (b) in paragraph (3), in the inserted text omit paragraph (c).

The Pension Schemes (Information Requirements - Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006

8.—(1) The Pension Schemes (Information Requirements - Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006(b) are amended as follows.

(2) In regulation 1 (interpretation)—

(a) at the appropriate places insert—

““available”: a reference to the amount of a member’s overseas transfer allowance that is available at any time is to the amount of that allowance that would be available if a transfer of the kind mentioned in section 244IA(1)(a) were made at that time;”

““block transfer” has the meaning given by section 244AB(2)(a);”

““relevant benefit crystallisation event” has the same meaning as in section 637S of ITEPA 2003 (availability of individual’s lump sum and death benefit allowance);”

““relieved relevant non-UK scheme transfer” has the meaning given by section 244AB(1);”

““used up”, in relation to a transfer of the kind mentioned in section 244IA(1)(a), means the reduction caused by the transfer in the amount of the member’s overseas transfer allowance that would be available on the making of a subsequent transfer of that kind;”;

(a) S.I. 2005/3454. The entry in Table 1 relating to the charge under section 244A was added by paragraph 21 of Schedule 4 to FA 2017 (c. 10). Regulation 8(1) was amended by S.I. 2014/1928. There are other amending instruments to regulation 8(3) but none is relevant.

(b) S.I. 2006/208.

- (b) in the definition of “onward transfer” for “244A” substitute “244AB”.
- (3) In regulation 2 (information relating to relevant migrant members and individuals entitled to corresponding relief)—
- (a) in the opening words, for “benefit crystallisation” (the first time it occurs) substitute “relevant”;
- (b) in paragraphs (1)(a) and (b) and (2), before “benefit crystallisation event” insert “relevant”.
- (4) In regulation 3 (information - QROPS and former QROPS)(a)—
- (a) in paragraph (2)(da)(i) at the end insert “and, if so, whether under section 244AC or section 244IA”;
- (b) in paragraph (2)(da)(iii) omit the “and” at the end;
- (c) in paragraph (2)(da), after paragraph (iii) insert—
- “(iia) whether the payment is a transfer of the kind mentioned in section 244IA(1)(a) and, if so, the amount of the member’s overseas transfer allowance used up by the transfer, and”;
- (d) in paragraph (2B)(b), for “section 244A(4)” substitute “the definition of “the relevant period” in section 244AB(1)”.
- (5) In regulation 3AA (information provided to member of QROPS etc on first flexibly accessing pension rights)(c)—
- (a) in paragraph (3)(b), for “£4,000” (in both places) substitute “£10,000”;
- (b) in paragraph (3)(c), for the words from “under section 636A(1A) and (1B)” to the end substitute “by virtue of section 637D of ITEPA 2003 (uncrystallised funds pension lump sums), as applied by paragraph 1(1) of Schedule 34 (non-UK schemes: application of certain charges).”;
- (c) in paragraph (6), for the words from “is to be read” to the end substitute “has the meaning given by section 278A.”
- (6) In regulation 3AD (information provided by QROPS etc about transfers), in paragraph (2)—
- (a) in sub-paragraph (d), after “transfer” insert “and, if so, whether under section 244AC or section 244IA”;
- (b) omit the “and” at the end of sub-paragraph (f);
- (c) after sub-paragraph (f) insert—
- “(fa) whether the transfer is a transfer of the kind mentioned in section 244IA(1)(a) and, if so, the amount of the member’s overseas transfer allowance used up by the transfer, and”;
- (d) in sub-paragraph (g), for “section 244A(4)” substitute “the definition of “the relevant period” in section 244AB(1)”.
- (7) In regulation 3AE (information provided by member of QROPS about onward transfers)(d)—
- (a) in paragraph (2)(b), for “section 244A(4)” substitute “the definition of “the relevant period” in section 244AB(1)”;
- (b) in paragraph (3), for “section 244A(5)” substitute “section 244AB(1)”;

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- (a) Paragraph (2) of regulation 3 was substituted by S.I. 2013/2259. Sub-paragraph (da) was added by paragraph 22 of Schedule 4 to FA 2017 (c. 10).
- (b) Paragraph (2B) of regulation 3 was added by paragraph 22 of Schedule 4 to FA 2017.
- (c) Regulations 3AA to 3AD were added by S.I. 2015/673. The figure in regulation 3AA(3)(b) was substituted by S.I. 2018/5.
- (d) Regulation 3AE was added by paragraph 22 of Schedule 4 to FA 2017 and amended by S.I. 2019/773.

- (c) in paragraph (4)(g) omit the “and” at the end;
- (d) in paragraph (4), after sub-paragraph (g) insert—

“(ga) the amount of the member’s overseas transfer allowance that is available at the time the information specified in this paragraph is provided, and”.

- (8) In regulation 3AG (information about liability to overseas transfer charge)(a)—

- (a) in paragraph (1), after sub-paragraph (b) insert—

“(ba) whether the charge arises under section 244AC or section 244IA,

(bb) whether the transfer is a transfer of the kind mentioned in section 244IA(1)(a) and, if so, the amount of the member’s overseas transfer allowance used up by the transfer.”;

- (b) in paragraph (4), for “section 244A(4)” substitute “the definition of “the relevant period” in section 244AB(1)”;

- (c) after paragraph (4) insert—

“(5) Paragraph (6) applies if—

- (a) a relieved relevant non-UK scheme transfer is made to a QROPS, and
- (b) an event occurs before the end of the relevant period for the transfer (see the definition of “the relevant period” in section 244AB(1)) that means that the transfer no longer counts as excluded from the overseas transfer charge or that entitlement to repayment under section 244M arises.

(6) The scheme manager of the QROPS or former QROPS must, within 90 days after the date the scheme manager is notified of the event, provide the member with a notice stating the amount of the overseas transfer charge on the transfer.”.

The Registered Pension Schemes (Provision of Information) Regulations 2006

9.—(1) The Registered Pension Schemes (Provision of Information) Regulations 2006(b) are amended as follows.

(2) Regulation 3 (provision of information by scheme administrator to HMRC) is amended in accordance with paragraphs (3) and (4).

- (3) In the Table, for event 24(c) substitute—

“24 Reportable payments of lump sums or lump sum death benefits

The scheme makes—	The information is—
<ul style="list-style-type: none"> (a) a reportable payment of a lump sum to a member (see paragraphs (10) to (14) of this regulation), or (b) a reportable payment of a lump sum death benefit in respect of a 	<ul style="list-style-type: none"> (a) the member’s name and national insurance number, (b) the nature and amount of the lump sum or lump sum death benefit,

(a) Regulation 3AG was added by paragraph 22 of Schedule 4 to FA 2017.
 (b) S.I. 2006/567.
 (c) The entry for event 24 was inserted by paragraph 106(3) of Schedule 9 to FA 2024.

member (see paragraphs (15) and (16) of this regulation).

- (c) the date of the payment,
- (d) in a case in which the payment is the payment of a lump sum, confirmation that any amount of tax due on the excess as a result of the charge to tax on pension income under Part 9 of ITEPA 2003 has been paid, and
- (e) each relevant reference number (if any).”.

(4) After paragraph (9) insert—

“(10) For the purposes of event 24, a lump sum paid to a member is “reportable” if any of the following four conditions is met.

(11) The first condition is that—

- (a) the member becoming entitled to the lump sum constitutes a relevant benefit crystallisation event within the meaning of section 637Q of ITEPA 2003, and
- (b) the amount of the payment exceeds the amount of the member’s lump sum allowance that is available on the member becoming so entitled.

(12) The second condition is that—

- (a) the member becoming entitled to the lump sum constitutes a relevant benefit crystallisation event within the meaning of section 637S of ITEPA 2003, and
- (b) the amount of the payment exceeds the amount of the member’s lump sum and death benefit allowance that is available on the member becoming so entitled.

(13) The third condition is that—

- (a) the member becoming entitled to the lump sum constitutes a relevant benefit crystallisation event within the meaning of section 637Q of ITEPA 2003,
- (b) the member’s lump sum allowance is, by virtue of any enactment, higher than the standard lump sum allowance, and
- (c) the amount of the payment exceeds the amount of the member’s lump sum allowance that would have been available on the member becoming so entitled had that allowance been the standard lump sum allowance.

(14) The fourth condition is that—

- (a) the member becoming entitled to the lump sum constitutes a relevant benefit crystallisation event within the meaning of section 637S of ITEPA 2003,
- (b) the member’s lump sum and death benefit allowance is, by virtue of any enactment, higher than the standard lump sum and death benefit allowance, and
- (c) the amount of the payment exceeds the amount of the member’s lump sum and death benefit allowance that would have been available on the member becoming so entitled had that allowance been the standard lump sum and death benefit allowance.

(15) For the purposes of event 24, a lump sum death benefit paid in respect of a member is “reportable” if the following condition is met.

(16) The condition is that—

- (a) the payment constitutes a relevant benefit crystallisation event within the meaning of section 637S of ITEPA 2003, and
- (b) the amount of the payment, either alone or when aggregated with other payments of lump sum death benefits from the same scheme that constitute relevant benefit crystallisation events within the meaning of section 637S of ITEPA 2003, exceeds the amount of the standard lump sum and death benefit allowance.

(17) In this regulation—

“the standard lump sum allowance” means the amount specified in section 637P of ITEPA, disregarding the effect of any enactment under which the amount specified in that section is treated as a different amount in relation to any individual;

“the standard lump sum and death benefit allowance” means the amount specified in section 637R of ITEPA, disregarding the effect of any enactment under which the amount specified in that section is treated as a different amount in relation to any individual.”(a).

(5) In regulation 8 (death: provision of information by scheme administrator to personal representatives)—

- (a) in paragraph (2), for “defined benefits lump sum death benefit or an uncrystallised funds lump sum death benefit” substitute “relevant lump sum death benefit”;
- (b) in paragraph (3)—
 - (i) in the words after sub-paragraph (b), for “defined benefits lump sum death benefit or an uncrystallised funds lump sum death benefit” substitute “relevant lump sum death benefit”;
 - (ii) at the end insert “The information is to be provided no later than the last day of the period of 2 months beginning with the day on which a request for it is received from the member’s personal representatives.”.

(6) In regulation 14 (information provided to members by scheme administrators about benefit crystallisation events), in paragraph (2) omit sub-paragraph (ba).

(7) In regulation 14ZA (information provided to member by scheme administrator where it appears member may be first flexibly accessing pension rights), in paragraph (3)(b), for “£4,000” (in both places) substitute “£10,000”.

(8) In regulation 16 (pensions and annuities in payment: information provided to and by insurance companies)—

- (a) in paragraphs (2) and (3), for “benefit crystallisation events” substitute “relevant benefit crystallisation events”;
- (b) in paragraph (4) omit sub-paragraph (b).

(9) In regulation 17 (payments to insurance companies from drawdown pension funds)—

- (a) in paragraph (5)(b), in the words before paragraph (i), for “benefit crystallisation events” substitute “relevant benefit crystallisation events”;
- (b) omit paragraph (8).

(10) Omit the italic heading after regulation 18 (retention of records).

(a) Sections 637A to 637S were added to the Income Tax (Earnings and Pensions) Act 2003 by paragraph 41 of Schedule 9 to FA 2024.

The Registered Pension Schemes (Splitting of Schemes) Regulations 2006

10.—(1) The Registered Pension Schemes (Splitting of Schemes) Regulations 2006(a) are amended as follows.

(2) In regulation 5—

(a) for paragraph (1) substitute—

“(1) A reference in Chapter 15A of ITEPA (lump sums under registered pension schemes) to the scheme administrator of a registered pension scheme is to be read, if the scheme is a split scheme, as a reference to the sub-scheme administrator of the sub-scheme in question.”;

(b) omit paragraph (2).

(3) In the Table in Schedule 3 (responsibilities and liabilities of sub-scheme administrators in respect of sub-schemes)(b) omit the entries for the following statutory references—

section 215(9);

section 217;

section 267;

paragraph 9(2) of Schedule 32;

paragraph 9(3) of Schedule 32;

paragraph 13(4) and (5) of Schedule 32;

paragraph 14(1A) and (1B) of Schedule 32.

The Taxation of Pension Schemes (Transitional Provisions) Order 2006

11.—(1) The Taxation of Pension Schemes (Transitional Provisions) Order 2006(c) is amended as follows.

(2) In article 25CA (circumstance A: tax treatment of stand-alone lump sums), in paragraph (1)—

(a) for “for the purposes of determining the income tax treatment of a stand-alone lump sum paid” substitute “in relation”;

(b) after “pension scheme” insert “to whom a stand-alone lump sum is paid”.

(3) In article 25CB (circumstance B: tax treatment of stand-alone lump sums), in paragraph (1)—

(a) for “for the purposes of determining the income tax treatment of a stand-alone lump sum paid” substitute “in relation”;

(b) after “pension scheme” insert “to whom a stand-alone lump sum is paid”.

(4) In article 25CC (circumstance C: tax treatment of stand-alone lump sums)—

(a) in paragraph (1)—

(i) for “for the purposes of determining the income tax treatment of a stand-alone lump sum paid” substitute “in relation”;

(ii) after “pension scheme” insert “to whom a stand-alone lump sum is paid”;

(b) in paragraph (5), after “death benefit allowance)” insert “has effect as if”.

(a) S.I. 2006/569.

(b) There are several amending instruments to Schedule 3 none of which is relevant.

(c) S.I. 2006/572. Articles 25CA, 25CB and 25CC were added by paragraph 95 of Schedule 9 to FA 2004.

The Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy etc.) Regulations 1997

12. In the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy etc.) Regulations 1997(a), in regulation 2 (commutation of a pension under an occupational pension scheme), in paragraph (1B)(b)—

- (a) after “paragraph (a)” insert “, (aa) or”;
- (b) omit “or (g)”.

12th March 2024

Joy Morrissey
Amanda Milling
Two of the Lords Commissioners of His Majesty's Treasury

(a) S.I. 1997/785. Paragraph (1B) was added by S.I. 2006/744. Schedule 3 has been amended by other instruments none of which is relevant.

EXPLANATORY NOTE

(This note is not part of the Regulations)

References in this Explanatory Note to “FA” followed by a year are to the Finance Act of that year.

Section 14 of, and Schedule 9 to, FA 2024 (c. 3) make provision in connection with the abolition of the lifetime allowance charge by section 18 of the Finance (No. 2) Act 2023 (c. 30). Paragraph 41 of Schedule 9 to FA 2024 inserted new provisions into Chapter 15A of ITEPA 2003 (c. 1) as to the “pension commencement excess lump sum”.

These Regulations make consequential, transitional and saving provision in connection with the abolition of the lifetime allowance charge and as to the operation of the pension commencement excess lump sum.

Part 2 of these Regulations contains amendments to primary legislation.

Regulation 2 amends Chapter 15A of Part 9 of ITEPA 2003 by inserting provision in section 637G(2) as to the amount of the member’s taxable pension income in respect of a payment of a trivial commutation lump sum or a winding-up lump sum.

Regulation 3 amends Part 4 of FA 2004 (c. 12). It inserts a new section 244ID to make provision about the information to be provided by a relieved relevant non-UK scheme when it makes a block transfer to a QROPS (Qualifying Recognised Overseas Pension Scheme). It amends section 244K to make provision about “the chargeable portion” for the purposes of calculating the overseas transfer charge. It makes amendments to definitional provisions in section 280 and Schedule 29. It also amends Schedule 36 to omit paragraph 29A and to substitute the definition of “D” in the formula in paragraph 34 for calculating the permitted maximum in relation to pension commencement lump sums.

Regulation 4 amends Schedule 9 to FA 2024. It amends the transitional provision in paragraphs 125 as to the availability of an individual’s lump sum allowance, so that where the conditions specified in amended sub-paragraph (1) and new sub-paragraph (3A) are met, paragraph 125(3) applies as if the amount of the lump sum available were £375,000.

It amends the transitional provision in paragraph 126 as to the availability of an individual’s lump sum and death benefit allowance, so that where the conditions specified in amended sub-paragraph (1) and new sub-paragraph (3A) are met, paragraph 126(3) applies as if the amount of the lump sum and death benefit allowance were £375,000.

It inserts a new paragraph 127A which makes provision about the availability of a member’s overseas transfer allowance where a benefit crystallisation event takes place before 6 April 2024 and a transfer of the kind mentioned in section 244IA of FA 2004 occurs on or after 6 April 2024.

It amends paragraph 128 as to the definition of “the appropriate percentage”.

It amends the interpretation provisions in paragraph 129 as to “lump sum transitional tax-free amount”, “lump sum and death benefit transitional tax-free amount” and inserts a definition for “stand-alone lump sum”. It corrects an error in the definition of “uncrystallised funds pension lump sum”.

It amends paragraph 130 to require the provision of information in respect of benefit crystallisation events occurring before 6 April 2024.

It inserts a new paragraph 130A which makes provision about entitlement to lump sums before 6th April 2024 where the sum is paid on or after that date.

It inserts a new paragraph 132A to make provision about the continuity of the law where provision which is made in or under Schedule 9 to FA 2024 re-enacts a provision of or made under Part 4 of FA 2004 or Part 9 of ITEPA 2003 that has been repealed by or under Schedule 9.

Part 3 of these Regulations contains amendments to secondary legislation.

Regulation 5 amends regulation 5 of the Tax Credits (Definition and Calculation of Income) Regulations 2002 (S.I. 2002/2006), which defines “pension income” for the purposes of those Regulations.

Regulation 6 amends the definition of “relevant lump sum payment” in regulation 58 of the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682).

Regulation 7 amends the Registered Pension Schemes (Accounting and Assessment) Regulations 2005 (S.I. 2005/3454) to omit entries relating to the lifetime allowance charge and insert references to provisions about the overseas transfer charge.

Regulation 8 amends the Pension Schemes (Information Requirements – Qualifying Overseas Pension Schemes, Qualifying Recognised Pension Schemes and Corresponding Relief) Regulations 2006 (S.I. 2006/208) to insert provisions and references to provisions about the overseas transfer charge and member’s overseas transfer allowance.

Regulation 9 amends the Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567). It substitutes a new event 24 in the Table of reportable events in regulation 3 and requires information to be provided by the scheme administrator to HMRC in relation to reportable payments of lump sums or lump sum death benefits. It amends regulation 3 to make provision as to what is “reportable” for the purposes of new event 24 and inserts definitions.

It amends regulation 8 to provide the period within which information must be provided by a scheme administrator to personal representatives in the event of a member’s death. It amends regulation 14ZA to alter the amount of annual allowance for pension inputs to other arrangements (from £4,000 to £10,000) where it appears that a member may be first flexibly accessing pension rights. It also substitutes the words “relevant benefit crystallisation events” for “benefit crystallisation events” at the appropriate places.

Regulation 10 amends the Registered Pension Schemes (Splitting of Schemes) Regulations 2006 (S.I. 2006/569). It substitutes regulation 5(1) of those Regulations for a provision which requires references in Chapter 15A of ITEPA 2003 to the scheme administrator of a registered pension scheme to be read as references to a sub-scheme administrator, if the scheme is a split scheme. It also omits certain statutory references from the Table in Schedule 3 to those Regulations.

Regulation 11 makes minor textual amendments to articles 25CA, 25CB and 25CC of the Taxation of Pension Schemes (Transitional Provisions) Order 2006 (S.I. 2006/572).

Regulation 12 amends the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy, etc) Regulations 1997 (S.I. 1997/785). It includes a reference in regulation 2(1B)(b) to the lump sum rule at section 166(1)(aa) of FA 2004 and to omit the reference to the lump sum rule at section 166(1)(g) of FA 2004.

Paragraph 133 of Schedule 9 to FA 2024 contains power to make regulations making transitional, transitory or saving provision in connection with the coming into force of amendments made by section 14 of, and Schedule 9 to, FA 2024, and includes the authority for inserting provisions into Part 6 of Schedule 9 and amending any provision of paragraphs 126 to 132 of that Schedule.

Paragraph 134 of Schedule 9 to FA 2024 allows regulations to be made in connection with or in consequence of the provision made by sections 18, 19 and 23 of the Finance (No. 2) Act 2023, and includes the authority to make provision amending any provision of, or amendment made by, Schedule 9 to FA 2024.

A Tax Information and Impact Note covering this instrument will be published on the website at <http://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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