
STATUTORY INSTRUMENTS

2024 No. 357

INCOME TAX

**The Finance Act 2004 (Registered Pension Schemes
and Annual Allowance Charge) Order 2024**

<i>Made</i>	- - - -	<i>12th March 2024</i>
<i>Laid before the House of Commons</i>	- - - -	<i>15th March 2024</i>
<i>Coming into force</i>	- -	<i>6th April 2024</i>

The Treasury make this Order in exercise of the powers conferred by sections 238A(1) and 282(A1)(2) of the Finance Act 2004.

Citation, commencement and effect

1.—(1) This Order may be cited as the Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order 2024 and comes into force on 6th April 2024.

(2) The amendments made by this Order have effect for the tax year 2023-24 and subsequent tax years.

Amendment of the Finance Act 2004

2.—(1) Part 4 of the Finance Act 2004 (pension schemes, etc) is amended as follows.

(2) After section 236 insert—

“Defined benefits arrangements: public service pension schemes

236ZA.—(1) Subsection (2) applies where—

(a) at the end of a pension input period, an individual has rights under—

(i) a reformed public service pension scheme arrangement (“the reformed arrangement”), and

(ii) a corresponding legacy public service pension scheme arrangement (“the legacy arrangement”), and

(1) 2004 c. 12. Section 238A was inserted by paragraph 17 of Schedule 17 to the Finance Act 2011 (c. 11).

(2) Subsection (A1) was inserted by section 75(1) of the Finance Act 2009 (c. 10).

- (b) the opening value of the individual's rights under the legacy arrangement for the period (as determined for the purposes of section 234) exceeds the closing value of the individual's rights under that arrangement for that period (as so determined).
- (2) The pension input amount in respect of the reformed arrangement for the tax year in which the pension input period ends is to be reduced (but not below zero) by the amount of the excess mentioned in subsection (1)(b).
- (3) For the purposes of this section an arrangement "corresponds" with another arrangement if—
 - (a) the arrangements are under pension schemes that are connected, and
 - (b) a final salary link applies in relation to the individual's service under those schemes.
- (4) In this section—
 - (a) "reformed public service pension scheme arrangement" means an arrangement under a scheme established by—
 - (i) regulations under section 1 of the Public Service Pensions Act 2013⁽³⁾ ("the 2013 Act"), or
 - (ii) regulations under section 1 of the Public Service Pensions Act (Northern Ireland) 2014⁽⁴⁾ ("the 2014 Act");
 - (b) "legacy public service pension scheme arrangement" means an arrangement under a scheme listed in—
 - (i) Schedule 5 to the 2013 Act, or
 - (ii) Schedule 5 to the 2014 Act;
 - (c) "connected", in relation to a pension scheme, has the same meaning as in—
 - (i) the 2013 Act (see section 4(6) of that Act), or
 - (ii) the 2014 Act (see section 4(6) of that Act);
 - (d) a "final salary link" applies in relation to an individual's service under two pension schemes if, pursuant to—
 - (i) paragraph 1 or 2 of Schedule 7 to the 2013 Act, or
 - (ii) paragraph 1 or 2 of Schedule 7 to the 2014 Act,

the determination of the individual's final salary for the purposes of one of those schemes is determined (to any extent) by reference to their service in the other scheme."

(3) In section 236A (post-entitlement enhancements)⁽⁵⁾, in subsection (4)(b), for "and 236" substitute ", 236 and 236ZA".

12th March 2024

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

⁽³⁾ 2013 c. 25.

⁽⁴⁾ 2014 c. 2 (N.I.).

⁽⁵⁾ Section 236A was inserted by paragraph 13 of Schedule 17 to the Finance Act 2011.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Finance Act 2004 (c. 12) by inserting a new section 236ZA. This section provides that where an individual has, at the end of the pension input period, service in a reformed public service pension scheme arrangement (“reformed arrangement”) and a public service pension scheme legacy arrangement (“legacy arrangement”) and where the opening value of the rights under the legacy arrangement exceeds the closing value of those rights, the pension input amount in respect of the reformed arrangement is to be reduced by the amount of the excess (but not below zero).

In order for arrangements to “correspond”, the schemes must be connected (within the meaning of section 4(6) of the Public Service Pension Act 2013 (c. 25) or the Public Service Pensions Act (Northern Ireland) 2014 (c.2 (N.I.)), and they must be in respect of schemes to which the final salary link provisions apply (either under the Public Service Pensions Act 2013 or the Public Service Pensions Act (Northern Ireland) 2014).

The amendments in this Order have effect for the tax year 2023-24 and subsequent tax years. Authority for the retrospective effect of these amendments is provided for by section 282(A1) of the Finance Act 2004.

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>.