
STATUTORY INSTRUMENTS

2015 No. 1454

INCOME TAX

The Registered Pension Schemes (Transfer of Sums and Assets) (Amendment No. 2) Regulations 2015

	<i>at 9.30 a.m. on 15th</i>
<i>Made</i> - - - -	<i>July 2015</i>
<i>Laid before House of Commons</i>	
- - - - -	<i>16th July 2015</i>
<i>Coming into force</i> - -	<i>1st September 2015</i>

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by paragraphs 27AA(3) and (4) and 27FA(3) and (4) of Schedule 28 to the Finance Act 2004⁽¹⁾ and paragraph 3(4) of Schedule 4 to the Finance Act 2015⁽²⁾.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Registered Pension Schemes (Transfer of Sums and Assets) (Amendment No. 2) Regulations 2015 and come into force on 1st September 2015.

(2) The amendment in regulation 3 has effect for the tax year 2015-16 and subsequent years.

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⁽³⁾ are amended as follows.

3. After regulation 18⁽⁴⁾ insert—

“Nominees’ annuity — unauthorised payments

19.—(1) In any case within paragraph 27AA(3) of Schedule 28 (transfer of sums or assets on cessation of a nominees’ annuity) where a new nominees’ annuity⁽⁵⁾ becomes payable, to the extent that the amount of the sums and the value of the assets applied to

(1) 2004 c. 12. Paragraphs 27AA and 27FA were inserted by paragraphs 3(2) and 3(3) of Schedule 4 to the Finance Act 2015 (c. 11).

(2) 2015 c. 11.

(3) S.I. 2006/499, to which there are amendments not relevant to these Regulations.

(4) Regulations 13 to 18 were inserted by S.I. 2015/633.

(5) New nominees’ annuity is defined in paragraph 27AA(3)(a)(i) of Schedule 28 to the Finance Act 2004.

purchase the new nominees' annuity are equal to the amount of the sums and the value of the assets transferred, the new nominees' annuity is to be treated as if it were the original nominees' annuity⁽⁶⁾ to determine for the purposes of section 172A(1) and (2) (surrender of benefits or rights under a registered pension scheme)⁽⁷⁾ whether a surrender of (or agreement to surrender) rights to payments under a nominees' annuity has occurred.

(2) In any other case within paragraph 27AA(3) 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' annuity — unauthorised payments

20.—(1) In any case within paragraph 27FA(3) of Schedule 28 (transfer of sums or assets on cessation of a successors' annuity) where a new successors' annuity⁽⁸⁾ becomes payable, to the extent that the amount of the sums and the value of the assets applied to purchase the new successors' annuity are equal to the amount of the sums and the value of the assets transferred, the new successors' annuity is to be treated as if it were the original successors' annuity⁽⁹⁾ to determine for the purposes of section 172A(1) and (2) whether a surrender of (or agreement to surrender) rights to payments under a successors' annuity has occurred.

(2) In any other case within paragraph 27FA(3) 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.”.

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

At 9.30 a.m. on 15th July 2015

(6) Original nominees' annuity is defined in paragraph 27AA(3) of Schedule 28 to the Finance Act 2004.
(7) Section 172A was inserted by paragraph 38 of Schedule 10 to the Finance Act 2005 (c. 7). Section 172A(1)(a) was amended by paragraph 6 of Schedule 2 to the Taxation of Pensions Act 2014 (c. 30). Section 172A(1)(aa) was inserted by paragraph 3 of Schedule 28 to the Finance Act 2008 (c. 9) and amended by paragraph 9(2) of Schedule 4 to the Finance Act 2015.
(8) New successors' annuity is defined in paragraph 27FA(3)(a)(i) of Schedule 28 to the Finance Act 2004.
(9) Original successors' annuity is defined in paragraph 27FA(3) of Schedule 28 to the Finance Act 2004.

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 additional pensions flexibilities in relation to annuities introduced by Schedule 4 to the Finance Act 2015 (c. 11).

Regulation 1 provides that the amendment made by this instrument has effect for the tax year 2015-16 and subsequent years. Power to make legislation with retrospective effect is contained in paragraph 3(4) of Schedule 4 to the Finance Act 2015, which allows regulations made before 25 December 2015, under paragraphs 27AA(3) and (4) and 27FA(3) and (4) of Schedule 28 to the Finance Act 2004 (c. 12), to include provision having effect in relation to times before the regulations are made.

Regulation 3 inserts new regulations 19 and 20 into the 2006 Regulations.

New regulation 19 specifies the circumstances in which, following a transfer of sums or assets on the cessation of a nominee’s annuity, the new nominee’s annuity will be treated as if it were the original nominee’s annuity. In such a case no unauthorised payment will have arisen. In any other case the transfer is treated as an unauthorised payment.

New regulation 20 makes similar provision in respect of successors’ 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.