STATUTORY INSTRUMENTS

2024 No. 1167

INCOME TAX

The Pensions (Abolition of Lifetime Allowance Charge etc) (No. 3) Regulations 2024

Made - - - - 14th November 2024

Coming into force - - 18th November 2024

CONTENTS

The Treasury make these Regulations in exercise of the powers conferred by paragraph 134 of Schedule 9 to the Finance Act 2024(**a**).

PART 1

Introductory

Citation and commencement

1.—(1) These Regulations may be cited as the Pensions (Abolition of Lifetime Allowance Charge etc) (No. 3) Regulations 2024.

(**a**) 2024 c. 3. "FA" followed by a year is defined in section 38 of the Finance Act 2024 as a reference to a Finance Act of that year. In these footnotes, a reference to "FA" followed by a year is to a Finance Act of that year and a reference to "FA(No. 2)A" is to Finance (No. 2) Act of that year.

(2) These Regulations come into force on 18th November 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

Schedule 29 to FA 2004

2.—(1) Schedule 29 to FA 2004 (registered pension schemes: authorised lump sums - supplementary)(**a**) is amended as follows.

(2) In paragraph 2C (definition of "the applicable amount" in certain cases)—

(a) in sub-paragraph (1)—

(i) in the opening words, after "relevant pension is" insert "a scheme pension under";

(ii) in paragraph (a) omit "a scheme pension under";

(b) in sub-paragraph (2)—

(i) in the opening words, for "sub-paragraph (3)" substitute "sub-paragraphs (3) and (4)";

(ii) in the formula, in the numerator omit "- D";

(iii) in the definition of B, for "revaluation" substitute "valuation";

(iv) omit the definition of D;

(c) in sub-paragraph (3), for "subsection" substitute "sub-paragraph";

(d) after sub-paragraph (3) insert—

"(4) For the purposes of sub-paragraph (2), any part of what would otherwise be A or C which represents rights attributable to a disqualifying pension credit is to be disregarded.".

(3) For paragraph 8 (trivial commutation lump sum: value of member's relevant crystallised pension rights on nominated date) substitute—

"8 (1) The value of the member's relevant crystallised pension rights on the nominated date is the aggregate of—

(a) the value of the member's relevant crystallised pension rights on 5th April 2006, calculated in accordance with paragraph 10 of Schedule 36 (as if the member were the individual mentioned there), and

(b) if, at any time in the period beginning with 6th April 2006 and ending with the nominated date, the member has become entitled under a registered pension scheme to income withdrawal, a lifetime annuity or a scheme pension, the relevant capital amount, and

(c) if, at any time in the period beginning with 6th April 2006 and ending with the nominated date, the member has been paid a lump sum under a registered pension scheme, the amount of the lump sum.

(**a**) 2004 c. 12. Paragraphs 2A to 2D of Schedule 29 were inserted by paragraph 26(5) of Schedule 9 to FA 2024. Paragraph 8 was amended by section 42(2) FA 2014 (c. 26). The existing paragraph 8 was substituted by paragraph 30 of Schedule 9 to FA 2024 and was amended by S.I. 2024/356. Section 38 of FA 2024 provides that a reference to "FA" followed by a year is to a Finance Act of that year; and that a reference to "F(No. 2)A" followed by a year is to Finance (No. 2) Act of that year.

(2) In sub-paragraph (1)(b) "the relevant capital amount" means—

(a) in relation to income withdrawal, the scheme pension capital value, as determined under paragraph 2A(3) and (4)(**a**);

(b) in relation to a lifetime annuity, the annuity purchase price, as determined under paragraph 2B(3) and (4);

(c) in relation to a scheme pension under a defined benefits arrangement or a collective money purchase arrangement, the amount given by the formula—

$$B \times C$$

where B and C have the same meaning as they have for the purposes of paragraph 2C(2);

(d) in relation to a scheme pension under a money purchase arrangement that is not a collective money purchase arrangement, the scheme pension purchase price, as determined under paragraph 2D(3) and (4).".

Schedule 36 to FA 2004

3.—(1) Schedule 36 to FA 2004 (transitional provision and saving)(**b**) is amended as follows.

(2) In paragraph 20 (pre-commencement pensions), after sub-paragraph (2) insert—

"(2A) Section 244IC (availability of member's overseas transfer allowance)(**c**) applies as if, immediately before the first transfer of the kind mentioned in section 244IA(1)(a) made in relation to the member on or after 6th April 2024—

(a) a transfer of that kind had been made in relation to the member, and

(b) the transferred value of the transfer was an amount equal to 25% of the value of the member's pre-commencement pension rights immediately before the transfer.".

(3) In paragraph 20A (pension credits from previously crystallised rights)—

(a) for sub-paragraph (5) substitute—

"(5) The pension credit factor is—

$$\frac{A}{SLA}$$

where—

A is the post-commencement pension in payment portion of the amount which is the appropriate amount for the purposes of section 29(1) of WRPA 1999 or Article 26(1) of WRP(NI)O 1999(**d**) in relation to the pension credit;

(**a**) Paragraphs 2A to 2D were substituted for paragraph 3 of Schedule 29 by paragraph 26 of Schedule 9 to FA 2024.

(**b**) Paragraph 20 of Schedule 36 was amended by paragraph 82 of Schedule 16 to FA 2011 (c. 11), paragraphs 28 and 77 of Schedule 1 to the Taxation of Pensions Act 2014 (c. 30) and paragraph 77 of Schedule 9 to FA 2024. Paragraphs 20A to 20E were inserted by paragraph 78 of Schedule 9 to FA 2024. Paragraph 31 was amended by paragraph 55(6) of Schedule 10 to FA 2005 (c. 7) and paragraph 9 of Schedule 5 to FA 2014. Paragraph 34 was substituted by paragraph 87 of Schedule 9 to FA 2024 and amended by S.I. 2024/356. The application of paragraphs 31 and 34 were modified by S.I. 2006/572 in relation to certain cases.

(**c**) Sections 244IA and 244IC of FA 2004 were inserted by paragraph 54 of Schedule 9 to FA 2024.

(**d**) "WRPA 1999" and "WRP(NI)O 1999" are defined in section 280 of FA 2004.

SLA is the standard lifetime allowance for the tax year in which the rights mentioned in sub-paragraph (1)(a) were acquired.";

(b) after sub-paragraph (9) insert—

"(10) A reference in this paragraph to the standard lifetime allowance for a tax year is to the standard lifetime allowance as determined under section 218, as it had effect for that tax year.".

(4) In paragraph 20C (non-residence: money purchase arrangements)—

(a) in sub-paragraph (4)—

(i) in the formula, for "£1,000,000" substitute "SLA";

(ii) after the definition of B insert—

"SLA is the standard lifetime allowance for the tax year in which that part of that period ended.";

(b) in sub-paragraph (7)—

(i) in the formula, for "£1,000,000" substitute "SLA";

(ii) after the definition of C insert—

"SLA is the standard lifetime allowance for the tax year in which that part of that period ended.";

(c) after sub-paragraph (7) insert—

"(8) A reference in this paragraph to the standard lifetime allowance for a tax year is to the standard lifetime allowance as determined under section 218, as it had effect for that tax year.".

(5) In paragraph 20D (non-residence: other arrangements)—

(a) in sub-paragraph (4)—

(i) in the formula, for "£1,000,000" substitute "SLA";

(ii) after the definition of E insert—

"SLA is the standard lifetime allowance for the tax year in which that part of that period ended.";

(b) after sub-paragraph (7) insert—

"(8) A reference in this paragraph to the standard lifetime allowance for a tax year is to the standard lifetime allowance as determined under section 218, as it had effect for that tax year.".

(6) In paragraph 20E (transfers from recognised overseas pension scheme: general)—

(a) in sub-paragraph (6)—

(i) in the formula, for "£1,000,000" substitute "SLA";

(ii) after the definition of B insert—

"SLA is the standard lifetime allowance for the tax year in which the transfer took place.";

(b) after sub-paragraph (10) insert—

"(11) A reference in this paragraph to the standard lifetime allowance for a tax year is to the standard lifetime allowance as determined under section 218, as it had effect for that tax year.".

(7) In paragraph 31 (entitlement to lump sums exceeding 25% of uncrystallised rights)—

(a) in sub-paragraph (1), for “paragraph 34 (but subject to sub-paragraph (2))” substitute “paragraph 34(2) (but subject to sub-paragraph (2) of this paragraph and to paragraph 34(3))”;

(b) after sub-paragraph (1) insert—

“(1A) For provision about the tax treatment of a pension commencement lump sum the permitted maximum of which is determined under paragraph 2 of Schedule 29(**a**) as modified by paragraph 34(3), see paragraph 34A.”;

(c) in sub-paragraph (3)—

(i) the words after “The pension condition is that” become paragraph (a);

(ii) after that paragraph insert “, and

(b) the individual does not become entitled to more than one pension commencement lump sum in connection with becoming entitled to those pensions.”.

(8) For paragraph 34 substitute—

“34 (1) Sub-paragraphs (2) and (3) specify the modifications of the provisions of Schedule 29 relating to pension commencement lump sums that apply in accordance with paragraph 31(1) (entitlement to lump sums exceeding 25% of uncrystallised rights).

(2) Schedule 29 has effect as if, in paragraph 1(1)(b) (pension commencement lump sum), the words “all or part of the member’s lump sum allowance is available, and” were omitted.

(3) Subject to sub-paragraph (4), Schedule 29 has effect as if, for paragraph 2 (definition of “the permitted maximum”), there were substituted—

“2 (1) In paragraph 1 “the permitted maximum”, in relation to a lump sum, means—

$$(A \times 1.2) + B$$

where—

A is the value of the member’s uncrystallised lump sum rights under the pension scheme on 5th April 2006, calculated in accordance with paragraph 32 of Schedule 36;

B is the additional lump sum amount (see sub-paragraphs (2) to (6) below).

(2) In sub-paragraph (1), “the additional lump sum amount” means—

$$\frac{C + D - \left(E \times \frac{F}{1,500,000}\right)}{4}$$

where—

(**a**) Paragraph 2 of Schedule 29 was substituted by paragraph 26 of Schedule 9 to FA 2024.

C is the lump sum paid;

D is the relevant capital amount in relation to the relevant pension (see sub-paragraph (6));

E is the value of the member's uncrystallised rights under the pension scheme on 5th April 2006, calculated in accordance with paragraph 33 of Schedule 36;

F is the member's lump sum and death benefit allowance.

(3) For the purposes of sub-paragraph (2), any part of what would otherwise be C which represents rights attributable to a disqualifying pension credit is to be disregarded.

(4) In a case in which the lump sum is paid in connection with the member becoming entitled to more than one relevant pension (within the meaning given by paragraph 1(3)), the reference in the definition of D in sub-paragraph (2) to the relevant capital amount in relation to the relevant pension is to the sum of the relevant capital amounts in relation to each of the relevant pensions.

(5) If the amount given by the formula in sub-paragraph (2) is negative, the additional lump sum amount is nil.

(6) In sub-paragraph (2) "the relevant capital amount" means—

(a) in a case in which the relevant pension is income withdrawal, the scheme pension capital value, as determined under paragraph 2A(3) and (4);

(b) in a case in which the relevant pension is a lifetime annuity, the annuity purchase price, as determined under paragraph 2B(3) and (4);

(c) in a case in which the relevant pension is a scheme pension under a defined benefits arrangement or a collective money purchase scheme, the amount given by the formula—

$$B \times C$$

where B and C have the same meaning as they have for the purposes of paragraph 2C(2);

(d) in a case in which 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 determined under paragraph 2D(3) and (4).".

(4) If, in any case, the permitted maximum of a lump sum that is determined under paragraph 2 of Schedule 29 as modified by sub-paragraph (3) of this paragraph is lower than it would have been disregarding the modification, the modification is to be disregarded.".

(9) After paragraph 34 (but before the italic heading after it) insert—

"34A (1) Chapter 15A of Part 9 of ITEPA 2003 (pension income: lump sums under registered pension schemes)(**a**) applies in relation to a paragraph 34 pension commencement lump sum as if—

(a) for section 637A (pension commencement lump sums), there were substituted—

"637A Pension commencement lump sums

(1) Subject to subsection (2), no liability to income tax arises on a pension commencement lump sum paid under a registered pension scheme.

(2) If—

(a) a pension commencement lump sum is paid under a registered pension scheme, and

(b) the lump sum exceeds the amount of the member's lump sum and death benefit allowance that is available on the member becoming entitled to it,

section 579A (pensions) applies to the excess as it applies to any pension under a registered pension scheme.";

(b) in section 637Q (availability of individual's lump sum allowance), for subsection (6) there were substituted—

"(6) In subsection (5) "non-taxable amount", in relation to the individual becoming entitled to a pension commencement lump sum, means the lower of—

(a) so much (if any) of the lump sum as is not subject to the charge to income tax by virtue of any provision of this Chapter, and

(b) the amount given by the formula—

$$\frac{C + D}{4}$$

where C and D have the same meaning as in sub-paragraph (3) of paragraph 2 of Schedule 29 to FA 2004 (definition of "the permitted maximum")(**b**) as that paragraph applies in relation to the lump sum.

(6A) In subsection (5) "non-taxable amount", in relation to the individual becoming entitled to an uncrystallised funds pension lump sum, means so much (if any) of the lump sum as is not subject to the charge to income tax by virtue of any provision of this Chapter.".

(2) In sub-paragraph (1) "paragraph 34 pension commencement lump sum" means a pension commencement lump sum the permitted maximum of which is

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(**a**) Chapter 15A of Part 9 of ITEPA 2003 was inserted by paragraph 11 of Schedule 31 to FA 2004. The existing Chapter 15A was substituted for a new one consisting of sections 637 - 637S by paragraph 41 of Schedule 9 to FA 2024. Section 579A of ITEPA 2003 was inserted by paragraph 6 of Schedule 31 to FA 2004 and was amended by paragraph 25 of Schedule 2 to the Taxation of Pensions Act 2014 and by paragraph 22 of Schedule 4 to FA 2015 (c. 11). Paragraph 1 of Schedule 1 to ITEPA 2003 defines a reference to "FA" followed by a year as a reference to a Finance Act of that year. "ITEPA 2003" is defined in section 38 of FA 2024.

(**b**) Paragraph 1 of Schedule 1 to ITEPA 2003 defines "FA" followed by a year as a reference to a Finance Act of that year.

determined under paragraph 2 of Schedule 29 as modified by paragraph 34(3).”.

PART 3

Amendments of subordinate legislation

Taxation of Pension Schemes (Transitional Provisions) Order 2006

4.—(1) The Taxation of Pension Schemes (Transitional Provisions) Order 2006(**a**) is amended as follows.

(2) In article 21 (transfers and entitlement to lump sums exceeding 25% of uncrystallised rights), in paragraph (1), for “Articles 22 and 23 apply” substitute “Article 23 applies”.

(3) Omit article 22 (modification of paragraph 31 of Schedule 36).

(4) For article 23 (modification of paragraph 34 of Schedule 36) substitute—

“Modification of paragraph 34 of Schedule 36

23.—(1) Paragraph (2) below specifies modifications of paragraph 34 of Schedule 36 (entitlement to lump sums exceeding 25% of uncrystallised rights: definition of “permitted maximum” in relation to a pension commencement lump sum) that apply in the circumstances mentioned in article 21.

(2) In sub-paragraph (3), for sub-paragraph (1) of the modified paragraph 2 of Schedule 29, substitute—

“(1) In paragraph 1 “the permitted maximum”, in relation to a lump sum, means—

$$(A \times 1.2) + B - \frac{TV}{4}$$

where—

A is the value of the member’s uncrystallised lump sum rights under the pension scheme on 5th April 2006, calculated in accordance with paragraph 32 of Schedule 36;

B is the additional lump sum amount (see sub-paragraphs (2) to (5));

TV is the value of all sums and assets held for the purposes of, or representing accrued rights under, the pension scheme that have been transferred from it as mentioned in article 21(1)(b) of the Taxation of Pension Schemes (Transitional Provisions) Order 2006.”.”.

(5) In article 23ZA (pension commencement lump sums where no pension is paid before death)—

(a) in paragraph (2), in the substitute paragraph 31(3) of Schedule 36 to FA 2004—

(**a**) S.I. 2006/572. Article 23 was amended by S.I. 2008/2990 and 2011/1782. Articles 23ZA to 23ZE and article 23D were inserted by S.I. 2011/732. Articles 25CA to 25CC were inserted by paragraph 95 of Schedule 9 to FA 2024 and were amended by S.I. 2024/356. Article 25CC modified Chapter 15A of Part 9 of ITEPA 2003 by providing for it to have effect with the insertion of section 637GA.

(i) the words after "The pension condition is that, the scheme administrator considers that, had the individual not died" become paragraph (a);

(ii) after that paragraph insert ", and

(b) the individual would not have become entitled to more than one pension commencement lump sum in connection with becoming entitled to those pensions.";

(b) for paragraph (3) substitute—

"(3) In determining the amount of the additional lump sum amount under paragraph 2(2) of Schedule 29, as modified by paragraph 34(3) of Schedule 36 (entitlement to lump sums exceeding 25% of uncrystallised rights: definition of "permitted maximum" in relation to a pension commencement lump sum), it is to be assumed that the member became entitled immediately before death to the present payment of the relevant pension in connection with which the lump sum in question is paid.".

(6) In article 23ZD (individual dies before becoming entitled to any of the pensions)—

(a) in paragraph (2), in the substitute paragraph 31(3) of Schedule 36 to FA 2004—

(i) the words after "The pension condition is that, the scheme administrator considers that, had the individual not died" become paragraph (a);

(ii) after that paragraph insert ", and

(b) the individual would not have become entitled to more than one pension commencement lump sum in connection with becoming entitled to those pensions.";

(b) for paragraph (3) substitute—

"(3) In determining the amount of the additional lump sum amount under paragraph 2(2) of Schedule 29, as modified by paragraph 34(3) of Schedule 36 (entitlement to lump sums exceeding 25% of uncrystallised rights: definition of "permitted maximum" in relation to a pension commencement lump sum), it is to be assumed that the member became entitled immediately before death to the present payment of each of the pensions in connection with which the lump sum in question is paid.".

(7) In article 23ZE (individual dies after becoming entitled to at least one but not all of the pensions)—

(a) in paragraph (3), in the substitute paragraph 31(3) of Schedule 36 to FA 2004—

(i) the words after "The pension condition is that, the scheme administrator considers that, had the individual not died" become paragraph (a);

(ii) after that paragraph insert ", and

(b) the individual would not have become entitled to more than one pension commencement lump sum in connection with becoming entitled to those pensions.";

(b) for paragraph (4) substitute—

"(4) In determining the amount of the additional lump sum amount under paragraph 2(2) of Schedule 29, as modified by paragraph 34(3) of Schedule 36 (entitlement to lump sums exceeding 25% of uncrystallised rights: definition of "permitted maximum" in relation to a pension commencement lump sum), it is to be assumed that the member became entitled immediately before death to the present payment of each of the pensions in connection with which the lump sum in question is paid.".

(8) In article 23D (modifications of Schedule 36 to FA 2004), in paragraph (2), in the substitute paragraph 31(3) of Schedule 36 to FA 2004, for paragraph (a) substitute—

"(a) the individual—

(i) becomes entitled to all the pensions payable to the individual under arrangements under the pension scheme (to which the individual did not have an actual entitlement on or before 5th April 2006) on the same date, and

(ii) does not become entitled to more than one pension commencement lump sum in connection with becoming entitled to those pensions; or".

(9) In article 25CA (circumstance A: tax treatment of stand-alone lump sums), in paragraph (2), in the inserted section 637GA of ITEPA 2003 (stand-alone lump sums)—

(a) in subsection (3)(b), for "immediately before the individual becomes" substitute "on the individual becoming";

(b) at the end insert—

"(4) In determining the amount of the individual's lump sum and death benefit allowance that is available on the individual becoming entitled to the lump sum, paragraph 20H of Schedule 36 of FA 2004 (individual's enhanced lump sum and death benefit allowance)(**a**) has effect as if, in sub-paragraph (2) of that paragraph, B (the aggregate of the lump sum and death benefit allowance enhancement factors operating in relation to the individual) were zero.".

(10) In article 25CC (circumstance C: tax treatment of stand-alone lump sums), in paragraph (2), in the inserted section 637GA of ITEPA 2003 (stand-alone lump sums)—

(a) in subsection (3)(b), for "immediately before the individual becomes" substitute "on the individual becoming";

(b) at the end insert—

"(4) In determining the amount of the individual's lump sum and death benefit allowance that is available on the individual becoming entitled to the lump sum, paragraph 20H of Schedule 36 of FA 2004 (individual's enhanced lump sum and death benefit allowance) has effect as if, in sub-paragraph (2) of that paragraph, B (the aggregate of the lump sum and death benefit allowance enhancement factors operating in relation to the individual) were zero.".

The Registered Pension Schemes (Authorised Payments) Regulations 2009

5.—(1) The Registered Pension Schemes (Authorised Payments) Regulations 2009(**b**) are amended as follows.

(2) In regulation 5 (prescribed payments and taxation), in the opening words, for "Part 4" substitute "any of regulations 17 to 19".

(3) After that regulation insert—

"5ZA. A payment by a registered pension scheme that is described in regulation 19A or 19B of these Regulations—

(a) is a payment of a prescribed description for the purposes of section 164(1)(f) of the Finance Act 2004;

(**a**) Paragraph 20H was inserted by paragraph 8(16) of the Pensions (Abolition of Lifetime Allowance Charge etc) (No. 2) Regulations (S.I. 2024/1012).

(**b**) S.I. 2009/1171. Regulations 17 to 19 were amended by paragraph 42 of Schedule 9 to FA 2024.

(b) shall be treated for the purposes of Part 9 of ITEPA 2003 as pension that—

(i) is paid to the recipient under a registered pension scheme; and

(ii) accrues in the tax year in which the payment is made.”.

(4) After regulation 19 (commencement lump sums paid after death) insert—

“Commencement lump sums paid in reliance on inaccurate transitional tax-free amount certificate

19A.—(1) A payment of the overpaid portion of a lump sum the whole of which is intended to represent a pension commencement lump sum, where the amount of the lump sum paid is calculated by reference to an amount specified on a transitional tax-free amount certificate.

(2) In paragraph (1), “the overpaid portion”, in relation to a lump sum, means so much of it as—

(a) was not a pension commencement lump sum, but

(b) would have been a pension commencement lump sum if the amount specified on the certificate had been accurate.

Other lump sums paid in reliance on inaccurate transitional tax-free amount certificate

19B. A payment of a lump sum which is intended to represent a trivial commutation lump sum or a winding-up lump sum, where—

(a) the scheme administrator or insurance company acted in reliance on an amount specified on a transitional tax-free amount certificate when deciding that the lump sum was a lump sum of that description,

(b) the lump sum was not a lump sum of that description, and

(c) the lump sum would have been a lump sum of that description if the amount specified on the certificate had been accurate.”.

PART 4

Transitional provision

Treatment of trivial commutation lump sums paid during pre-commencement period

6.—(1) This regulation applies where—

(a) during the pre-commencement period, a member of a registered pension scheme becomes entitled to, and is paid, a lump sum under the scheme, and

(b) disregarding the amendments made by these Regulations, the lump sum would be a trivial commutation lump sum(**a**).

(2) For the purposes of determining whether the lump sum is a trivial commutation lump sum, the amendments made by these Regulations are to be disregarded (and accordingly the lump sum is to be treated as a trivial commutation lump sum).

(3) In this regulation “the pre-commencement period” means the period beginning with 6th April 2024 and ending with the day before the day on which these Regulations come into force.

(**a**) “Trivial commutation lump sum” is defined in paragraph 7 of Schedule 29 to FA 2004.

Jeff Smith
Vicky Foxcroft

14th November 2024 Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend Schedules 29 and 36 to the Finance Act 2004 ("FA 2004") and subordinate legislation to make further consequential provision in connection with the removal of the lifetime allowance and the lifetime allowance charge by the Finance (No. 2) Act 2023 (c. 30) and the Finance Act 2024 (c. 3).

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

The amendments made by these Regulations have effect for the 2024-25 tax year and for subsequent tax years.

Paragraph 134(2)(b) of Schedule 9 to FA 2024 allows regulations to be made after 5 April 2024 so as to have effect for the tax year in which they are made.

Regulation 2 amends Schedule 29 to FA 2004 as to the definition of "the applicable amount" in relation the calculation of the permitted maximum for a pension commencement lump sum which is paid in connection with a scheme pension paid under either a defined benefits arrangement or a collective money purchase arrangement. It also makes provision as to the calculation of the value of a member's relevant crystallised pension rights for the purposes of the trivial commutation lump sum.

Regulation 3 amends Schedule 36 to FA 2004.

Paragraph (2) of regulation 3 inserts a new sub-paragraph (2A) into paragraph 20 of that Schedule which modifies the application of section 2441C of FA 2004 as to the availability of a member's overseas transfer allowance where that member had a pension in payment before 6 April 2006.

Paragraph (3) of regulation 3 substitutes sub-paragraph (5) of paragraph 20A of that Schedule so that the pension credit factor is calculated by reference to the amount of the standard lifetime allowance ("SLA") at the time at which the pension credits from previously crystallised rights were acquired. It also inserts a new sub-paragraph (10) into paragraph 20A to provide that the "standard lifetime allowance" in that paragraph has the same meaning as it had in Part 4 of FA 2004 as it applied to the individual in the tax year in which those pension credits were acquired.

Paragraph (4) of regulation 3 amends paragraph 20C of that Schedule so that the non-residence factor in relation to the benefits accrued under a money purchase arrangement whilst non-resident is calculated by reference to the SLA.

Paragraph (5) of regulation 3 amends paragraph 20D of that Schedule so that the non-residence factor in relation to benefits accrued whilst non-resident under an arrangement that is not a money purchase arrangement is calculated by reference to the SLA.

Paragraph (6) of regulation 3 amends paragraph 20E of that Schedule to make provision for the calculation of the recognised overseas transfer factor to be calculated by reference to the SLA.

Paragraph (7) of regulation 3 amends paragraph 31 of that Schedule so that the tax treatment of a pension commencement lump sum, the permitted maximum of which is determined under paragraph 2 of Schedule 29 to FA 2004 as modified by paragraph 34 of Schedule 36, is as provided for in paragraph 34A of Schedule 36.

Paragraph (8) of regulation 3 substitutes a new paragraph 34 into that Schedule to specify the modifications to Schedule 29 to FA 2004 relating to entitlement to a pension lump sum exceeding 25% of uncrystallised rights. It provides that Schedule 29 to FA 2004 has effect as if, for paragraph 2 of that Schedule, there were substituted alternative provisions for the calculation of the permitted maximum. If the permitted maximum of a lump sum as determined by the modified provisions of paragraph 2 of Schedule 29 is lower than it would have been disregarding the modification, the modification is to be disregarded.

Paragraph (9) of regulation 3 inserts a new paragraph 34A into that Schedule which modifies section 637A of the Income Tax (Earnings and Pensions) Act 2003 (c.1) ("ITEPA") as it applies in relation to a pension commencement lump sum where the permitted maximum of that lump sum is determined in accordance with paragraph 2 of Schedule 29 to FA 2004 as modified by paragraph 34 of Schedule 36.

Regulation 4 amends the Taxation of Pension Schemes (Transitional Provisions) Order 2006 (S.I. 2006/572). Paragraph (4) of regulation 4 substitutes a new article 23 in that Order which modifies paragraph 34 of Schedule 36 to FA 2004 as to the definition of "permitted maximum" in relation to the entitlement to lump sums exceeding 25% of uncrystallised rights. Paragraphs (5) to (7) of regulation 4 amend articles 23ZA, 23ZD and 23ZE of that Order to make provision for determining the amount of the additional lump sum entitlement under paragraph 2 of Schedule 29 to FA 2004 (as modified by paragraph 34 of Schedule 36 to FA 2004) in specified cases. Paragraph (8) of regulation 4 substitutes paragraph (a) in the substitute paragraph 31(3) of Schedule 36 to FA 2004 to provide a new pension condition for entitlement to lump sums exceeding 25% of uncrystallised rights. Paragraphs (9) and (10) of regulation 4 insert new paragraphs into each of articles 25CA and 25CC of that Order to ensure that, when determining the amount of an individual's lump sum and death benefit allowance available immediately before the individual became entitled to the stand-alone lump sum, any enhancement to that allowance which would have been occasioned by the modifications to section 637R of ITEPA made by Schedule 9 to FA 2024 is disregarded.

Regulation 5 amends the Registered Pension Schemes (Authorised Payments) Regulations 2009 (S.I. 2009/1171) ("the 2009 Regulations"). It amends regulation 5 of the 2009 Regulations to provide that the payments described in regulations 17-19 of those Regulations are prescribed for the purposes of section 164(1)(f) of FA 2004 and shall be treated as a pension commencement lump sum for the purposes of Part 9 of ITEPA 2003. Paragraph (3) of regulation 5 inserts a new regulation 5ZA into the 2009 Regulations, which provides that payments described in new regulations 19A and 19B are prescribed for the purposes of section 164(1)(f) of FA 2004 and shall be treated for the purposes of Part 9 of ITEPA 2003 as pension paid to the recipient under a registered pension scheme in the tax year in which they are paid. Paragraph (4) of regulation 5 inserts new regulations 19A and 19B into the 2009 Regulations which provide that payments of the types described in those regulations (i.e., commencement and other lump sums paid in reliance on an inaccurate transitional tax-free amount certificate) are payments of a prescribed description and shall be treated as pension accruing in the tax year in which they are paid.

Regulation 6 makes transitional provision. If a member of registered pension scheme is paid a lump sum between 6 April 2024 and the day before the day on which these Regulations come into force which would, if the amendments made by these Regulations were disregarded, be a trivial commutation lump sum, that sum is to be treated as a trivial commutation lump sum for the purposes of Schedule 29 to FA 2004.