



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 9

PENSION INCOME

[^{F1}CHAPTER 15A

LUMP SUMS UNDER REGISTERED PENSION SCHEMES

Allowances

[^{F1}637S Availability of individual's lump sum and death benefit allowance

- (1) This section is about the availability of an individual's lump sum and death benefit allowance on the occurrence of a relevant benefit crystallisation event ("the current event").
- (2) In this section—
 - (a) "relevant benefit crystallisation event", in relation to an individual, means—
 - (i) the individual becoming entitled to a relevant lump sum, or
 - (ii) a person being paid a relevant lump sum death benefit in respect of the individual;
 - (b) "relevant lump sum" means—
 - (i) a pension commencement lump sum,
 - (ii) a serious ill-health lump sum, or
 - (iii) an uncrystallised funds pension lump sum;
 - (c) "relevant lump sum death benefit" means any authorised lump sum death benefit other than—
 - (i) a charity lump sum death benefit, or

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 637S is up to date with all changes known to be in force on or before 23 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (ii) a trivial commutation lump sum death benefit.
- (3) If no relevant benefit crystallisation event has occurred in relation to the individual before the current event, the whole of the individual's lump sum and death benefit allowance is available.
 - (4) Otherwise, the amount of the individual's lump sum and death benefit allowance that is available is—
 - (a) so much of that allowance as is left after deducting the previously-used amount, or
 - (b) if none is left after deducting that amount, nil.
 - (5) For this purpose “the previously-used amount” is the aggregate of the non-taxable amounts in relation to each relevant benefit crystallisation event that has occurred in relation to the individual before the current event.
 - (6) In subsection (5) “non-taxable amount”, in relation to a relevant benefit crystallisation event, means so much (if any) of the relevant lump sum, or relevant lump sum death benefit, to which the event relates as is exempt from the charge to income tax by virtue of any provision of this Chapter.
 - (7) Where more than one relevant benefit crystallisation event within [subsection \(2\)\(a\)\(i\)](#) occurs in relation to an individual on the same day, it is for the individual to decide the order in which they are to be treated as occurring for the purposes of this section.
 - (8) Where more than one relevant benefit crystallisation event within [subsection \(2\)\(a\)\(ii\)](#) occurs in relation to an individual, they are to be treated for the purposes of this section as occurring—
 - (a) immediately before the individual's death,
 - (b) immediately after any pension commencement lump sum to which the individual becomes entitled immediately before death by virtue of section 166(2) of FA 2004 (lump sum rule), and
 - (c) in such order as may be decided by the individual's personal representatives.
 - (9) A reference in this section to a relevant benefit crystallisation event is to a relevant benefit crystallisation event occurring on or after 6 April 2024.
 - (10) For transitional provision under which the amount of an individual's lump sum and death benefit allowance available on the occurrence of a relevant benefit crystallisation event may be reduced as a result of events occurring before 6 April 2024, see [paragraph 126 of Schedule 9](#) to FA 2024.
 - (11) For further transitional provision that may affect the operation of this section, see [paragraph 20 of Schedule 36](#) to FA 2004 (pensions in payment before commencement of Part 4 of FA 2004).]

Textual Amendments

F1 Pt. 9 Ch. 15A substituted (6.4.2024 for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 41, 124](#) (with [Sch. 9 paras. 125-132](#))

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Section 637S is up to date with all changes known to be in force on or before 23 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

Modifications etc. (not altering text)

- C1** S. 637S applied (with modifications) (for the tax year 2024-25 and subsequent tax years) by 2004 c. 12, Sch. 36 para. 20(2) (as amended by [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 77\(4\)\(a\)](#), 124 (with [Sch. 9 paras. 125-132](#)))

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 452(2)(aa) inserted by [2013 c. 29 Sch. 23 para. 11](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)