

*Status: Point in time view as at 17/12/2014.*

*Changes to legislation: Finance Act 2011, Part 1 is up to date with all changes known to be in force on or before 11 July 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)*

## SCHEDULES

### SCHEDULE 18

#### LIFETIME ALLOWANCE CHARGE

##### PART 1

###### AMENDMENTS

- 1 Part 4 of FA 2004 (pension schemes etc) is amended as follows.
- 2 (1) Section 218 (individual's lifetime allowance and standard lifetime allowance) is amended as follows.
- (2) For subsections (2) and (3) substitute—
- “(2) The standard lifetime allowance for the tax year 2012-13 and, subject to subsection (3), subsequent tax years is £1,500,000.
- (3) The Treasury may by order provide that the standard lifetime allowance for any tax year subsequent to the tax year 2012-13 is such amount, not being less than the standard lifetime allowance for the immediately preceding tax year, as is specified in the order.”
- (3) After subsection (5) insert—
- “(5A) Where the operation of a lifetime allowance enhancement factor is provided for by any of sections 220, 222, 223 and 224 and the time mentioned in the definition of SLA in the section concerned was before 6 April 2012, subsection (4) has effect as if the amount to be multiplied by LAEF were £1,800,000 (the standard lifetime allowance for the tax year 2011-12) if that is greater than SLA.
- (5B) Where the operation of a lifetime allowance enhancement factor is provided for by paragraph 7 of Schedule 36, subsection (4) has effect as if SLA were £1,800,000 (the standard lifetime allowance for the tax year 2011-12) if that is greater than SLA.
- (5C) Where benefit crystallisation event 7 occurs on or after 6 April 2012 by reason of the payment of a relevant lump sum death benefit in respect of the death of the individual before that date, the standard lifetime allowance at the time of the benefit crystallisation event is £1,800,000 (the standard lifetime allowance for the tax year 2011-12).”
- 3 Schedule 29 (authorised lump sums) is amended as follows.
- 4 (1) Paragraph 7 (trivial commutation lump sum) is amended as follows.
- <sup>F1</sup>(2) .....
- (3) After that sub-paragraph insert—

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“(4A) The Treasury may by order substitute for the amount for the time being specified in sub-paragraph (4) such larger amount as is specified in the order.”

**Textual Amendments**

**F1** Sch. 18 para. 4(2) omitted (with effect in accordance with s. 42(8) of the amending Act) by virtue of Finance Act 2014 (c. 26), s. 42(3)

5 (1) Paragraph 10 (winding-up lump sum) is amended as follows.

(2) In sub-paragraph (2), for “1% of the standard lifetime allowance when the lump sum is paid,” substitute “ £18,000, ”.

(3) After that sub-paragraph insert—

“(2A) The Treasury may by order substitute for the amount for the time being specified in sub-paragraph (2) such larger amount as is specified in the order.”

6 (1) Paragraph 20 (trivial commutation lump sum death benefit) is amended as follows.

<sup>F2</sup>(2) .....

(3) After that sub-paragraph insert—

“(3) The Treasury may by order substitute for the amount for the time being specified in sub-paragraph (2) such larger amount as is specified in the order.”

**Textual Amendments**

**F2** Sch. 18 para. 6(2) omitted (with effect in accordance with Sch. 1 para. 74(6) of the amending Act) by virtue of Taxation of Pensions Act 2014 (c. 30), Sch. 1 para. 74(5)

<sup>F37</sup> .....

**Textual Amendments**

**F3** Sch. 18 para. 7 omitted (17.12.2014) by virtue of Taxation of Pensions Act 2014 (c. 30), Sch. 1 para. 75(2)

8 Schedule 36 (transitional provision) is amended as follows.

9 In paragraph 16(3), for “standard lifetime allowance when the first relevant event occurs.” substitute “ underpinned lifetime allowance when the first relevant event occurs; and “the underpinned lifetime allowance” is the greater of the current standard lifetime allowance and £1,800,000 (the standard lifetime allowance for the tax year 2011-12). ”

10 (1) Paragraph 28(3) is amended as follows.

(2) In the sub-paragraphs (6A) and (7) treated as substituted—

(a) in the formula, for “CSLA” substitute “ ULA ”, and

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- (b) for the definition of CSLA substitute— “ ULA is the underpinned lifetime allowance, and ”.
- (3) After the sub-paragraph (7) treated as substituted insert—
  - “(7A) The underpinned lifetime allowance” is the greater of the current standard lifetime allowance and £1,800,000 (the standard lifetime allowance for the tax year 2011-12).”
- 11 (1) Paragraph 34(2) is amended as follows.
  - (2) In the sub-paragraph (5) treated as substituted, for “ CSLA ” substitute “ULA”.
  - (3) In the sub-paragraph (7) treated as substituted, for the definition of CSLA substitute — “ ULA is the underpinned lifetime allowance, ”.
  - (4) After the sub-paragraph (7A) treated as substituted insert—
    - “(7AZA) The underpinned lifetime allowance” is the greater of the current standard lifetime allowance and £1,800,000 (the standard lifetime allowance for the tax year 2011-12).”
- 12 In the Registered Pension Schemes (Standard Lifetime and Annual Allowances) Order 2010 (S.I. 2010/922), omit article 2.

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