

SCHEDULES

SCHEDULE 2

DEATH OF PENSION SCHEME MEMBER

PART 2

LUMP SUM DEATH BENEFITS

Special lump sum death benefits charge

17 (1) Section 206 of FA 2004 (special lump sum death benefits charge) is amended as follows.

(2) After subsection (1) insert—

“(1ZA) In subsection (1) the reference to a member (and to the member’s death) are to be read—

(a) in relation to—

(i) a drawdown pension fund lump sum death benefit under paragraph 17(2) of Schedule 29, or

(ii) a flexi-access drawdown fund lump sum death benefit under paragraph 17A(2) of Schedule 29,

as a reference to a dependant (and to the dependant’s death),

(b) in relation to a flexi-access drawdown fund lump sum death benefit under paragraph 17A(3) of Schedule 29, as a reference to a nominee (and to the nominee’s death), and

(c) in relation to a flexi-access drawdown fund lump sum death benefit under paragraph 17A(4) of Schedule 29, as a reference to a successor (and to the successor’s death).”

(3) After subsection (1A) insert—

“(1B) The special lump sum death benefits charge also arises where—

(a) a lump sum death benefit is paid by a registered pension scheme in respect of a member of the scheme who had not reached the age of 75 at the date of the member’s death,

(b) the lump sum death benefit is—

(i) a drawdown pension fund lump sum death benefit under paragraph 17(1) of Schedule 29,

(ii) a flexi-access drawdown fund lump sum death benefit under paragraph 17A(1) of Schedule 29, or

(iii) an uncrystallised funds lump sum death benefit, and

(c) the lump sum death benefit is not paid before the end of the period of two years beginning with the earlier of the day on which the scheme

Status: This is the original version (as it was originally enacted).

administrator of the scheme first knew of the member's death and the day on which the scheme administrator could first reasonably have been expected to have known of it.

(1C) The special lump sum death benefits charge also arises where—

- (a) a lump sum death benefit is paid by a registered pension scheme on the death of a dependant, nominee or successor of a deceased member of the scheme,
- (b) the dependant, nominee or successor ("the beneficiary") had not reached the age of 75 at the date of the beneficiary's death,
- (c) the lump sum death benefit is—
 - (i) a drawdown pension fund lump sum death benefit under paragraph 17(2) of Schedule 29, or
 - (ii) a flexi-access drawdown fund lump sum death benefit under paragraph 17A(2), (3) or (4) of Schedule 29, and
- (d) the lump sum death benefit is not paid before the end of the period of two years beginning with the earlier of the day on which the scheme administrator of the scheme first knew of the beneficiary's death and the day on which the scheme administrator could first reasonably have been expected to have known of it."

(4) For subsection (7) (lump sum death benefits which are not to be treated as income for tax purposes) substitute—

“(7) A lump sum death benefit in respect of which income tax is charged under this section is not to be treated as income for any purpose of the Tax Acts.”

(5) In consequence of sub-paragraph (4) omit paragraph 41(5) of Schedule 16 to FA 2011.