



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 7

MISCELLANEOUS AND FINAL

The dormant assets scheme

348 Pension benefits and inheritance tax

- (1) In FA 2004, in Part 4 (pension schemes etc)—
- (a) in section 150 (meaning of “pension scheme”), in subsection (5A), for “274B” substitute “274ZA”;
 - (b) in section 251 (information: general requirements), after subsection (5) insert—

“(5A) Regulations under this section may make different provision for different cases.”;
 - (c) section 274B (National Employment Savings Trust and Master Trust schemes) (which appears under the italic heading “National Employment Savings Trust and Master Trust schemes” at the beginning of Chapter 8 and before section 274A) is renumbered section 274ZA;
 - (d) after section 274ZA (as renumbered by paragraph (c)) insert—

“Dormant pension benefits

274ZB Treatment of pension benefits reclaimed from reclaim fund etc

- (1) Subsection (2) applies where an amount is paid out of an authorised reclaim fund in respect of transferred dormant eligible pension benefits.

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- (2) For the purposes of income tax and this Part, the amount paid out is to be treated as having been paid as a consequence of a right that is the same as the original rights, acquired as the original rights were acquired and having the same characteristics as those rights.
- (3) The Commissioners for His Majesty’s Revenue and Customs may make regulations in relation to cases where—
- (a) an amount is paid out of an authorised reclaim fund in respect of transferred dormant eligible pension benefits,
 - (b) the registered pension scheme from which the benefits were transferred was wound up before the payment of that amount, and
 - (c) the payment, or part of the payment, is treated (by virtue of subsection (2)) as being the payment by a registered pension scheme of—
 - (i) a pension protection lump sum death benefit,
 - (ii) an annuity protection lump sum death benefit,
 - (iii) a drawdown pension fund lump sum death benefit, or
 - (iv) a flexi-access drawdown fund lump sum death benefit.
- (4) Regulations under subsection (3) may provide that a person specified in the regulations—
- (a) is to be treated as the scheme administrator for the purposes of the operation of section 206;
 - (b) is responsible for the discharge of all obligations imposed on the scheme administrator by or under this Part so far as related to the liability imposed by that section to pay tax in respect of it.
- (5) Regulations under subsection (3) may—
- (a) make specific or general provision;
 - (b) make different provision for different cases.
- (6) No liability to income tax arises in respect of income derived from investments or deposits—
- (a) that are held by an authorised reclaim fund, and
 - (b) that relate to an amount transferred to the authorised reclaim fund in respect of transferred dormant eligible pension benefits.
- (7) For the purposes of subsection (6), it does not matter when liability to income tax on income within that subsection would otherwise arise.
- (8) Subsection (2) of section 186 (income) applies for the purposes of subsection (6) of this section as it applies for the purposes of subsection (1) of that section.
- (9) For the purposes of this section—
- “authorised reclaim fund” has the same meaning as in the Dormant Assets Acts 2008 to 2022;

“the original rights” are a person’s rights against the scheme administrator of a registered pension scheme, in respect of the benefits subsequently transferred by the scheme administrator to an authorised reclaim fund, immediately before the transfer; “transferred dormant eligible pension benefits” means dormant eligible pensions benefits owing to a person that have been transferred by the scheme administrator of a registered pension scheme to an authorised reclaim fund with the result that section 5 of the Dormant Assets Act 2022 (transfer of eligible pension benefits to reclaim fund) applies (and references to benefits being transferred are to be construed accordingly).”

- (2) In the Inheritance Tax Act 1984, in Chapter 5 of Part 5 (miscellaneous reliefs), after section 159 insert—

“Dormant assets

159A Treatment of dormant assets

- (1) This section applies where there is a transfer in respect of a dormant asset.
- (2) There is a transfer in respect of a dormant asset where an amount is transferred by an institution in respect of an asset—
- (a) to an authorised reclaim fund, with the result that section 1 of the 2008 Act or section 2, 5, 8, 12 or 14 of the 2022 Act applies in relation to the asset, or
 - (b) to an authorised reclaim fund and one or more charities, with the result that section 2 of the 2008 Act applies in relation to the asset.
- (3) For the purposes of this Act, rights which a person (“P”) acquires under Part 1 of the 2008 Act or Part 1 or sections 22 to 25 of the 2022 Act (as the case may be) after the transfer are to be treated as the same asset as the original rights, acquired as the original rights were acquired and having the same characteristics as those rights.
- (4) For the purposes of this section—
- “the 2008 Act” means the Dormant Bank and Building Society Accounts Act 2008;
 - “the 2022 Act” means the Dormant Assets Act 2022;
 - “asset” means an asset within the scope of the dormant assets scheme (see section 1(6) of the 2022 Act);
 - “authorised reclaim fund” has the same meaning as in the Dormant Assets Acts 2008 to 2022;
 - “the original rights” are—
- (a) in a case where—
 - (i) section 8 of the 2022 Act (investment assets) applies in relation to the asset and there has been a conversion as mentioned in section 9(3)(a) of that Act in connection with the transfer, or
 - (ii) section 14 of the 2022 Act (securities assets) applies in relation to the asset and there has been a conversion as

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mentioned in section 15(1)(a) of that Act in connection with the transfer,

P's rights against the institution immediately before that conversion;

(b) in any other case, P's rights against the institution immediately before the transfer.”

- (3) The amendments made by [subsection \(1\)](#) come into force on the day on which this Act is passed.
- (4) The amendment made by [subsection \(2\)](#) is treated as having come into force on 6 June 2022.