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STATUTORY INSTRUMENTS

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**2005 No. 2677**

**The Social Security (Deferral of Retirement Pensions,  
Shared Additional Pension and Graduated Retirement  
Benefit) (Miscellaneous Provisions) Regulations 2005**

**PART 4**

**PAYMENTS**

**Amendment of the Claims and Payments Regulations**

**8.** In the Claims and Payments Regulations, after regulation 21 insert—

**“Delayed payment of lump sum**

**21A.—**(1) This regulation applies where—

(a) a person (“P”) is entitled to a lump sum under, as the case may be—

- (i) Schedule 5 to the Contributions and Benefits Act <sup>M1</sup> (pension increase or lump sum where entitlement to retirement pension is deferred);
- (ii) Schedule 5A to that Act <sup>M2</sup> (pension increase or lump sum where entitlement to shared additional pension is deferred); or
- (iii) Schedule 1 to the Social Security (Graduated Retirement Benefit) Regulations 2005 <sup>M3</sup> (further provisions replacing section 36(4) of the National Insurance Act 1965: increases of graduated retirement benefit and lump sums);

or

(b) the Secretary of State decides to make a payment on account of such a lump sum.

(2) Subject to paragraph (3), for the purposes of section 7 of the Finance (No. 2) Act 2005 <sup>M4</sup> (charge to income tax of lump sum), P may elect to be paid the lump sum in the tax year (“the later year of assessment”) next following the tax year which would otherwise be the applicable year of assessment by virtue of section 8 of that Act (meaning of “applicable year of assessment” in section 7) <sup>M5</sup>.

(3) P may not elect in accordance with paragraph (2) (“a tax election”) unless he elects on the same day as he chooses a lump sum in accordance with, as the case may be—

- (a) paragraph A1 or 3C of Schedule 5 to the Contributions and Benefits Act <sup>M6</sup>;
- (b) paragraph 1 of Schedule 5A to that Act;
- (c) paragraph 12 or 17 of Schedule 1 to the Social Security (Graduated Retirement Benefit) Regulations 2005,

or within a month of that day.

(4) A tax election may be made in writing to an office specified by the Secretary of State for accepting such elections or, except where in any particular case the Secretary of State directs that the election must be made in writing, it may be made by telephone call to the number specified by the Secretary of State.

(5) If P makes a tax election, payment of the lump sum, or any payment on account of the lump sum, shall be made in the first month of the later year of assessment or as soon as reasonably practicable after that month, unless P revokes the tax election before the payment is made.

(6) If P makes no tax election in accordance with paragraphs (2) and (3), or revokes a tax election, payment of the lump sum or any payment on account of the lump sum shall be made as soon as reasonably practicable after P—

- (a) elected for a lump sum, or was treated as having so elected; or
- (b) revoked a tax election.

(7) If P dies before the beginning of the later year of assessment—

- (a) any tax election in respect of P's lump sum shall cease to have effect; and
- (b) no person appointed under regulation 30 to act on P's behalf may make a tax election.

(8) In this regulation “the later year of assessment” has the meaning given by section 8(5) of the Finance (No. 2) Act 2005.”.

#### **Marginal Citations**

- M1** [Schedule 5](#) is amended, so far as is relevant, by Schedule 11 to the [Pensions Act 2004 \(c. 35\)](#).
- M2** [Schedule 5A](#) is inserted by paragraph 15 of Schedule 11 to the Pensions Act 2004.
- M3** [S.I.2005/454](#).
- M4** [2005 c. 22](#).
- M5** [Section 8\(5\)](#) provides that subsections (6) and (7) apply where social security regulations make related provision.
- M6** Paragraphs A1 and 3C are inserted respectively by paragraphs 4 and 9 of Schedule 11 to the Pensions Act 2004.

**Changes to legislation:**

There are currently no known outstanding effects for the The Social Security (Deferral of Retirement Pensions, Shared Additional Pension and Graduated Retirement Benefit) (Miscellaneous Provisions) Regulations 2005, Section 8.