
STATUTORY INSTRUMENTS

2005 No. 670

The Pension Protection Fund (Compensation) Regulations 2005

PART 8

Compensation cap modifications

Disregard of certain small payments in determining PPF compensation cap

23.—(1) For the purposes of paragraph 26 of Schedule 7 to the Act (compensation cap), in determining the restriction under that paragraph on the compensation to which a person is entitled in respect of a benefit under a scheme, a lump sum within sub-paragraph (6B)(b) of that paragraph (lump sums to which the person has previously become entitled) is to be disregarded if—

- (a) it is a trivial commutation lump sum or a winding up lump sum for the purposes of Part 1 of Schedule 29 to the [F¹2004 Act]^{M1} (see paragraphs 7 and 10 of that Schedule); and
 - (b) its payment does not contravene any trivial commutation restriction that applies in the circumstances in question.
- (2) In this regulation “trivial commutation restriction” means a restriction imposed by—
- (a) regulation 19, 20 or 60 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 ^{M2};
 - (b) regulation 2 of the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy etc.) Regulations 1997 ^{M3}; or
 - (c) regulation 3(2)(b) of the Pension Sharing (Pension Credit Benefit) Regulations 2000 ^{M4}.
- (3) Before 6th April 2006 this regulation applies with the modifications in paragraphs (4) and (5).
- (4) For paragraph (1)(a) substitute—
- “(a) it extinguishes the person's entitlement to benefits under the scheme;
 - (aa) its payment does not contravene Revenue restrictions; and;”.
- (5) After paragraph (2) insert—
- “(3) For the purposes of this regulation a payment does not contravene Revenue restrictions if—
 - (a) in the case of a scheme that is an approved scheme for the purposes of Chapter 1 of Part 14 of the Income and Corporation Taxes Act 1988 ^{M5} (see section 612(1) of that Act), it is permitted under the scheme rules in accordance with its approval for those purposes; and
 - (b) in the case of scheme that is a relevant statutory scheme for those purposes (see section 611A of that Act ^{M6}), it is permitted under the regulations or rules governing the scheme as such a scheme.”.

Changes to legislation: There are currently no known outstanding effects for the *The Pension Protection Fund (Compensation) Regulations 2005, Section 23*. (See end of Document for details)

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Textual Amendments

- F1** Words in reg. 23(1)(a) substituted (6.4.2006) by [The Pension Protection Fund \(General and Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/580\)](#), regs. 1(1)(b), **22(6)**
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Marginal Citations

- M1** [2004 c. 12](#).
- M2** [S.I. 1996/1172](#). Regulation 20 was amended by regulation 2(3) of [S.I. 2000/2975](#). Regulation 60 was amended by regulation 4(12) of [S.I. 1997/786](#).
- M3** [S.I. 1997/785](#).
- M4** [S.I. 2000/1054](#).
- M5** [1988 c. 1](#).
- M6** Section 611A was inserted by section 75 of, and paragraphs 15 and 18(1) of Schedule 6 to, the [Finance Act 1989 \(c. 26\)](#).

Changes to legislation:

There are currently no known outstanding effects for the The Pension Protection Fund (Compensation) Regulations 2005, Section 23.