

STATUTORY INSTRUMENTS

2006 No. 207

The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006

PART 3 U.K.

Modifications to Part 4 of the Finance Act 2004 in respect of relevant non-UK schemes U.K.

5. Part 4 of the Finance Act 2004 shall be modified in respect of relevant non-UK schemes, within the meaning of paragraph 1(5) of Schedule 34, in accordance with the following provisions of [^{F1}this Part].

Textual Amendments

F1 Words in [reg. 5](#) substituted (with effect in accordance with Sch. 1 para. 96(16)(a) of the amending Act) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 96\(2\)](#) (with [Sch. 1 para. 96\(16\)\(b\)](#))

Commencement Information

I1 [Reg. 5](#) in force at 6.4.2006, see [reg. 1\(1\)](#)

[^{F2}Modification of section 165 U.K.]

6. In section 165 (pension rules)—

(a) in subsection (1), in pension rule 4 omit from “but a scheme pension” to the end, ^{F3}...

^{F3}(b)

Textual Amendments

F2 [Reg. 6](#) substituted (with effect in accordance with [reg. 1\(2\)](#) of the amending S.I.) by [The Pensions Schemes \(Application of UK Provisions to Relevant Non-UK Schemes\) \(Amendment\) Regulations 2012 \(S.I. 2012/1795\)](#), [regs. 1\(1\)](#), [3](#)

F3 [Reg. 6\(b\)](#) and word omitted (6.4.2015) by virtue of [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 33\(2\)\(4\)](#)

[^{F4}Modification of section 167 U.K.]

7. In section 167 (pension death benefit rules)—

(a) in subsection (1), in pension death benefit rule 3 omit from “but a dependants’ scheme pension” to the end, ^{F5}...

^{F5}(b)

Changes to legislation: There are currently no known outstanding effects for the The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006, PART 3. (See end of Document for details)

Textual Amendments

- F4** Reg. 7 substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Pensions Schemes \(Application of UK Provisions to Relevant Non-UK Schemes\) \(Amendment\) Regulations 2012 \(S.I. 2012/1795\)](#), regs. 1(1), 4
- F5** Reg. 7(b) and word omitted (6.4.2015) by virtue of [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 33(2)(4)**

Modification of section 227 **U.K.**

^{F6}8.

Textual Amendments

- F6** Reg. 8 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2011 \(S.I. 2011/1751\)](#), regs. 1(1), **12(2)**

Modification of section 231 **U.K.**

- 9. In section 231—
 - [^{F7}(a) in subsection (3) for “the consumer prices index” substitute “the relevant index”; and]
 - (b) at the end add—
 - [^{F8}(4) In this section “the relevant index” means—
 - (a) if there is an index of the movement of consumer prices maintained, or officially recognised, by the government of the country or territory in which the recognised overseas scheme is established, that index, or
 - (b) if there is no such index, the consumer prices index.”].

Textual Amendments

- F7** Words in reg. 9 substituted (with effect in accordance with reg. 1(7) of the amending S.I.) by [The Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2011 \(S.I. 2011/1751\)](#), regs. 1(1), **12(3)(a)**
- F8** Words in reg. 9 substituted (with effect in accordance with reg. 1(7) of the amending S.I.) by [The Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2011 \(S.I. 2011/1751\)](#), regs. 1(1), **12(3)(b)**

Commencement Information

- I2** Reg. 9 in force at 6.4.2006, see [reg. 1\(1\)](#)

Modification of section 235 **U.K.**

- 10. In section 235—
 - [^{F9}(a) in subsection (3) for “the consumer prices index” substitute “the relevant index”; and]
 - (b) at the end of the section add—
 - [^{F10}(4) In this section “the relevant index” means—

- (a) if there is an index of the movement of consumer prices maintained, or officially recognised, by the government of the country or territory in which the recognised overseas scheme is established, that index, or
- (b) if there is no such index, the consumer prices index.”].

Textual Amendments

- F9** Words in [reg. 10](#) substituted (with effect in accordance with [reg. 1\(7\)](#) of the amending S.I.) by [The Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2011 \(S.I. 2011/1751\)](#), [regs. 1\(1\)](#), [12\(4\)\(a\)](#)
- F10** Words in [reg. 10](#) substituted (with effect in accordance with [reg. 1\(7\)](#) of the amending S.I.) by [The Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2011 \(S.I. 2011/1751\)](#), [regs. 1\(1\)](#), [12\(4\)\(b\)](#)

Commencement Information

- I3** [Reg. 10](#) in force at 6.4.2006, see [reg. 1\(1\)](#)

Modification of section 275 **U.K.**

- 11.**—(1) In the heading of section 275 at the end add “and Non-EEA annuity provider”.
- (2) At the end of the section add—
 - “(3) In this Part “non-EEA annuity provider” means a person resident in a country or territory outside the European Economic Area—
 - (a) whose normal business includes the provision of annuities; and
 - (b) who is regulated in the conduct of that business—
 - (i) by the government of that country or territory; or
 - (ii) a body established under the law of that country or territory for the purpose of regulating such business.”.

Commencement Information

- I4** [Reg. 11](#) in force at 6.4.2006, see [reg. 1\(1\)](#)

Modification of section 276 **U.K.**

- 12.** In section 276(2) for “scheme administrator” substitute “scheme manager”.

Commencement Information

- I5** [Reg. 12](#) in force at 6.4.2006, see [reg. 1\(1\)](#)

Modification of section 279 **U.K.**

- 13.**—(1) Section 279(1) shall be modified as follows.
- (2) At the appropriate points in the alphabetical list insert—
 - ““applicable pension scheme”, in relation to a pension sharing order in respect of a member’s spouse^{F11}, ex-spouse, civil partner or former civil partner], means a scheme which is—

- (a) a recognised overseas pension scheme within the meaning of this Part; or
- (b) a scheme which is recognised for tax purposes under the law of either the country or territory in which it is situate or that of the country or territory in which the pension sharing order is made;”;(1) and

““ex-spouse”, in relation to a member, means the other party to a marriage with the member that has been dissolved or annulled;

[^{F12}“former civil partner” in relation to a member means the other party to a civil partnership with the member that has been dissolved or annulled.”];

- (3) For the definitions of “pension credit” and “pension debit” substitute—

““pension credit” and “pension debit” mean respectively the amount by which—

- (a) the entitlement of a member’s spouse[^{F13}, ex-spouse, civil partner or former civil partner] under an applicable pension scheme, is increased; and
- (b) the entitlement of a member under a qualifying recognised overseas pension scheme is decreased,

pursuant to a pension sharing order;”.

- (4) For the definition of “pension sharing order or provision” substitute—

““pension sharing order” means an order of a court, by virtue of which amounts are transferred from a recognised overseas pension scheme of a member to an applicable pension scheme of that member’s spouse[^{F14}, ex-spouse, civil partner or former civil partner], in or in connection with proceedings relating to the dissolution or annulment of the marriage [^{F15}or civil partnership] of the parties;”.

Textual Amendments

- F11** Words in [reg. 13\(2\)](#) substituted for word (22.2.2007) by [The Tax and Civil Partnership Regulations 2007 \(S.I. 2007/493\)](#), [regs. 1, 3\(2\)\(a\)](#)
- F12** Words in [reg. 13\(2\)](#) added (22.2.2007) by [The Tax and Civil Partnership Regulations 2007 \(S.I. 2007/493\)](#), [regs. 1, 3\(2\)\(b\)](#)
- F13** Words in [reg. 13\(3\)\(a\)](#) substituted for word (22.2.2007) by [The Tax and Civil Partnership Regulations 2007 \(S.I. 2007/493\)](#), [regs. 1, 3\(3\)](#)
- F14** Words in [reg. 13\(4\)](#) substituted for word (22.2.2007) by [The Tax and Civil Partnership Regulations 2007 \(S.I. 2007/493\)](#), [regs. 1, 3\(4\)\(a\)](#)
- F15** Words in [reg. 13\(4\)](#) inserted (22.2.2007) by [The Tax and Civil Partnership Regulations 2007 \(S.I. 2007/493\)](#), [regs. 1, 3\(4\)\(b\)](#)

Commencement Information

- I6** [Reg. 13](#) in force at 6.4.2006, see [reg. 1\(1\)](#)

Modification of Schedule 28 **U.K.**

14.—(1) Schedule 28 is modified as follows.

(2) In paragraph 1—

- (a) in sub-paragraph (a) after “registered medical practitioner” insert “or a recognised medical practitioner”;

(1) See, in relation to overseas schemes recognised for the purposes of Part 4, the Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2004.

(b) at the end of the paragraph add—

“In this paragraph “recognised medical practitioner” means a medical practitioner practising outside the United Kingdom who is authorised, licensed or registered to practise medicine in the country or territory, outside the United Kingdom, in which either the scheme or the member is resident.”.

(3) In the following provisions for “scheme administrator” substitute “scheme manager”.

The provisions are—

- (a) paragraph 1(a);
 - (b) paragraph 2 (in each place where the expression occurs);
 - [^{F16}(ba) paragraphs 8C and 8D (in each place where the expression occurs);]
 - [^{F17}(c) paragraph 10 (in each place where the expression occurs);]
 - [^{F18}(ca) paragraph 10A (in each place where the expression occurs);
 - (cb) paragraph 10B (in each place where the expression occurs);]
 - (d) paragraph 13(3);
 - ^{F19}(da)
 - (e) paragraph 16(1) and (2);
 - [^{F20}(ea) paragraphs 22C and 22D (in each place where the expression occurs);]
 - [^{F21}(f) paragraph 24 (in each place where the expression occurs);]
 - [^{F22}(fa) paragraph 24A (in each place where the expression occurs);
 - (fb) paragraph 24B (in each place where the expression occurs);]
 - ^{F23}(fc)
 - (g) paragraph 27(3).
- (4) Omit paragraphs 3(1)(b), 6(1)(c), 17(1)(b) and 20(1)(c).
- (5) In paragraph 15(2)(b) and (3) omit “, in the opinion of the scheme administrator”.
- (6) At the end of the Schedule add—

“PART 3 **U.K.**

Relevant Non UK Schemes- interpretation

Construction of references to insurance companies

28.—(1) In this Schedule, in its application to a scheme established in a country or territory outside the European Economic Area, any reference to an insurance company includes a non-EEA annuity provider.

(2) Section 275(3) defines “non-EEA annuity provider”.

Textual Amendments

F16 Reg. 14(3)(ba) inserted (6.4.2015) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 33(3)(a)**, (4) (with [Sch. 1 para. 33\(5\)](#))

- F17** Reg. 14(3)(c) substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) (Amendment) Regulations 2012 (S.I. 2012/1795), regs. 1(1), **5(2)**
- F18** Reg. 14(3)(ca)(cb) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) (Amendment) Regulations 2012 (S.I. 2012/1795), regs. 1(1), **5(3)**
- F19** Reg. 14(3)(da) omitted (6.4.2015) by virtue of Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 33(3)(b)**, (4)
- F20** Reg. 14(3)(ea) inserted (6.4.2015) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 33(3)(c)**, (4) (with Sch. 1 para. 33(5))
- F21** Reg. 14(3)(f) substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) (Amendment) Regulations 2012 (S.I. 2012/1795), regs. 1(1), **5(5)**
- F22** Reg. 14(3)(fa)-(fc) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) (Amendment) Regulations 2012 (S.I. 2012/1795), regs. 1(1), **5(6)**
- F23** Reg. 14(3)(fc) omitted (6.4.2015) by virtue of Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 33(3)(d)**, (4)

Commencement Information

- I7** Reg. 14 in force at 6.4.2006, see **reg. 1(1)**

Modification of Schedule 29 **U.K.**

15.—(1) Schedule 29 is modified as follows.

[^{F24}(1A) In paragraph 3C (pension commencement excess lump sum)—

(a) in sub-paragraph (1), after paragraph (c) insert—

“(ca) it is not paid from the relevant transfer fund of a qualifying recognised overseas pension scheme;

(cb) it is not paid from the UK tax-relieved fund of a relevant non-UK scheme.”;

(b) after sub-paragraph (4) insert—

“(5) Expressions used in sub-paragraph (1)(ca) and (cb) have the same meaning as in Schedule 34 (non-UK schemes: application of certain charges).”

(1B) In paragraph 4 (serious ill-health lump sum)—

(a) in sub-paragraph (1)(a)—

(i) for “scheme administrator” substitute “scheme manager”;

(ii) after “registered medical practitioner” insert “or a recognised medical practitioner”;

(b) at the end insert—

“(4) In sub-paragraph (1) “recognised medical practitioner” means a medical practitioner practising outside the United Kingdom who is authorised, licensed or registered to practise medicine in the country or territory, outside the United Kingdom, in which either the scheme or the member is resident.”

(1C) In paragraph 12A (references to availability of allowances) after sub-paragraph (4) insert—

“(5) Sub-paragraph (6) applies in any case in which it is necessary to determine, for the purposes of—

(a) paragraph 1 (pension commencement lump sum),

(b) paragraph 7 (trivial commutation lump sum), or

(c) paragraph 10 (winding-up lump sum),
whether all or part of a transfer member’s lump sum allowance or lump sum and death benefit allowance is available when a lump sum is paid by a recognised overseas pension scheme.

(6) Sections 637Q and 637S of ITEPA 2003 (availability of allowances) have effect as if references in those sections to relevant benefit crystallisation events were only to relevant benefit crystallisation events—

- (a) occurring in relation to the recognised overseas pension scheme, and
- (b) in respect of lump sums referable to the member’s relevant transfer fund (within the meaning given by paragraph 4 of Schedule 34 to FA 2004).

(7) In sub-paragraph (5) “transfer member” has the meaning given by paragraph 1(8) of Schedule 34 (non-UK schemes).”]

F25(2)
F25(3)
F25(3A)
F25(4)
F25(4A)
F25(5)
F25(6)
F25(7)
F25(8)
F25(9)
F25(9A)
F25(10)

Textual Amendments

F24 Reg. 15(1A)-(1C) inserted (for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 62\(6\)\(a\)](#), 124 (with [Sch. 9 paras. 125-132](#))

F25 Reg. 15(2)-(10) omitted (for the tax year 2024-25 and subsequent tax years) by virtue of [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 62\(6\)\(b\)](#), 124 (with [Sch. 9 paras. 125-132](#))

Commencement Information

I8 Reg. 15 in force at 6.4.2006, see [reg. 1\(1\)](#)

Modification of Schedule 32 **U.K.**

16. In paragraph 11(6) of Schedule 32—

- (a) for “the retail prices index” (in both places) substitute “a relevant index”; and
- (b) at the end add—

“Here “relevant index” means—

- (a) an index of the movement of retail prices maintained, or officially recognised, by the government of the country or territory in which the recognised overseas scheme is established; or

- (b) if there is no such index as is mentioned in paragraph (a) of this definition, the retail prices index.”.

Commencement Information

19 Reg. 16 in force at 6.4.2006, see **reg. 1(1)**

Modification of Schedule 34 U.K.

17. In Schedule 34 after paragraph 19 add—

“Revenue and Customs discretion

19A.—(1) Sub-paragraph (2) applies to—

- (a) the member payment provisions to a payment made (or treated by this Part as made) to or in respect of—
 - (i) a relieved member of a relevant non-UK scheme, or
 - (ii) a transfer member of such a scheme; ^{F26}and]
- (b) the annual allowance provisions in relation to an individual who is a currently-relieved member of a currently-relieved non-UK scheme; ^{F27}...

^{F27}(c)

(2) If it appears to an officer of Revenue and Customs that, by reason of some non-compliance with the requirements set out in this Part, which in the officer’s view does not materially affect the nature of a payment, the payment, or the member in respect of whom it is payable, would be treated less favourably by the strict application of the provisions mentioned in paragraph (1) than in the officer’s view is appropriate, sub-paragraph (3) applies.

(3) If this sub-paragraph applies, an officer of Revenue and Customs—

- (a) may decide, and
- (b) if requested to do so by a member falling within any of the descriptions in paragraphs (a) [^{F28}and (b)] of sub-paragraph (1), shall decide,

whether, notwithstanding the non-compliance referred to in sub-paragraph (2), the treatment which, but for that non-compliance, would have applied under this Part should apply to the payment or the member (as the case may be).

This is subject to the qualification in sub-paragraph (4).

(4) An officer of Revenue and Customs shall not make a decision under sub-paragraph (3) that, notwithstanding the difference referred to in sub-paragraph (2), the provisions of this Part shall apply to the payment or the member unless—

- (a) it appears to the officer that the effect of the decision would be to reduce the total cumulative tax liability in respect of the charges mentioned in subparagraph (1) of the member whose tax liability would be affected by it, taking one year with another;
- (b) the officer has first given at least 28 days' notice of his intention to make the decision to the member whose tax liability would [^{F29}be] affected by it; and
- (c) the member has—
 - (i) consented to the making of the decision; or
 - (ii) failed to respond to the notice within the period specified in paragraph (b).

- (5) If an officer of Revenue and Customs decides under sub-paragraph (3) that—
- (a) the conditions for the exercise of his discretion under that paragraph are not met; or
 - (b) the conditions for its exercise are met, but that it is otherwise inappropriate for him to exercise it in favour of the member,

the member may appeal against the decision.

(6) Subsections (3) to (5) of section 170 apply for the purposes of a decision by an officer of Revenue and Customs under sub-paragraph (3) as they apply to a decision under section 169(5).

(7) The Commissioners before whom an appeal under paragraph (5) is brought must consider—

- (a) whether the conditions for the exercise of the discretion of an officer of Revenue and Customs have been met; and
- (b) if they are satisfied that those conditions have been met, whether the discretion ought to have been exercised in favour of the member.

(8) If they decide that the conditions for the exercise of that discretion have not been met, they must dismiss the appeal.

(9) If they decide that the conditions for the exercise of that discretion have been met, they must decide whether the discretion ought to have been exercised in favour of the member.

(10) If they decide that although the conditions are met, the discretion ought not to have been exercised in favour of the member, they must dismiss the appeal.

(11) If they decide that the discretion ought to have been exercised in favour of the member they may so decide and the provisions of this Part shall apply accordingly to the member or the payment in question (as the case may be).

(12) A decision under sub-paragraph (8) or (10) is final but subject to any further appeal or any determination on, or in consequence of, a case stated.”.

Textual Amendments

- F26** Word in reg. 17 inserted (for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 62\(7\)\(a\)\(i\)](#), 124 (with [Sch. 9 paras. 125-132](#))
- F27** Words in reg. 17 omitted (for the tax year 2024-25 and subsequent tax years) by virtue of [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 62\(7\)\(a\)\(ii\)](#), 124 (with [Sch. 9 paras. 125-132](#))
- F28** Words in reg. 17 substituted (for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 62\(7\)\(b\)](#), 124 (with [Sch. 9 paras. 125-132](#))
- F29** Word in reg. 17 substituted (for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), [Sch. 9 paras. 62\(7\)\(c\)](#), 124 (with [Sch. 9 paras. 125-132](#))

Commencement Information

- I10** Reg. 17 in force at 6.4.2006, see [reg. 1\(1\)](#)

Changes to legislation:

There are currently no known outstanding effects for the The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006, PART 3.