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STATUTORY INSTRUMENTS

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**2006 No. 572**

**The Taxation of Pension Schemes  
(Transitional Provisions) Order 2006**

**Modification of section 212**

**10.**—(1) Section 212 (valuation of uncrystallised rights for the purposes of section 210) is modified, for the purposes of calculating the value of *RR* in paragraph 7(3) of Schedule 36, as follows.

(2) In subsection (5) (valuation of money purchase arrangements other than cash balance arrangements) after paragraphs (a) and (b) add—

“together with the value, if any, of any relevant compensation on 5th April 2006.”.

(3) After subsection (5) add—

“(5A) For the purposes of subsections (5) and (7) relevant compensation is the market value, calculated in accordance with section 278, of any compensation paid or payable in respect of the poor performance of an investment owned by the pension scheme on the earlier of the date of payment of the compensation or 5th April 2009.”.

(4) In subsection (7) (valuation of hybrid arrangements) after paragraphs (a) and (b) add—  
“together with any hybrid compensation as defined in subsection (7A) below.”.

(5) After subsection (7) add—

“(7A) For the purposes of subsection (7) hybrid compensation is—

- (a) any relevant compensation payable in respect of a money purchase arrangement which forms part of the hybrid arrangement calculated in accordance with subsection (5A); less
- (b) the value of the hybrid arrangement calculated in accordance with subsection (7) less the value of any sums or assets representing other money purchase benefits calculated in accordance with subsection (5).

If this calculation results in a negative amount, the amount of relevant compensation to be added to the value of the member’s uncrystallised rights under this subsection is nil.”.