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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Sections 214 to 226 of the Finance Act 2004 make provision for the application of the lifetime allowance charge. Schedule 18 to the Finance Act 2011 ('Schedule 18') has reduced the level of the lifetime allowance, which applies to determine whether the lifetime allowance charge is applicable, to £1,500,000 from 2012-13 onwards. Schedule 18 introduces transitional provisions which provide protection from the lifetime allowance charge for those who may already have built up pension savings on the expectation that the lifetime allowance would remain at the current level of £1,800,000. These Regulations provide how individuals may give notice of whether they intend to rely on that transitional protection and make provision for supplementary and incidental matters.

Regulations 3 and 4 make provision about the notice which is required should an individual intend to rely on the transitional protection in Schedule 18. If Her Majesty's Revenue and Customs (HMRC) accept a notice they must issue a certificate (regulation 5). Regulation 6 provides the circumstances in which HMRC may refuse to accept a notice and regulation 7 sets out how the individual may appeal against that decision. Regulations 10, 11 and 12 prescribe the circumstances in which HMRC may revoke or replace a certificate, following a previous acceptance of the notice, as well as provisions relating to appealing such a revocation or replacement.

Regulations 8, 9 and 13 deal with matters such as preservation of documents, requirements that individuals inform HMRC if incorrect information has been given in a notice or where an event occurs whereby they are no longer entitled to rely on the transitional protection.

A Tax Information and Impact Note covering this instrument was published on 9 December 2010 alongside draft legislation for the Finance (No. 3) Bill 2011 concerning the restriction of pensions tax relief. This was updated on 3 March 2011 to reflect further decisions relating to the restriction of pensions tax relief and is available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>. It remains an accurate summary of the impacts that apply to this instrument.