
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Registered Pension Schemes (Transfer of Sums and Assets) Regulations 2006 (S.I. 2006/499) (“the 2006 Regulations”) to reflect the additional pensions flexibilities in relation to annuities introduced by Schedule 4 to the Finance Act 2015 (c. 11).

Regulation 1 provides that the amendment made by this instrument has effect for the tax year 2015-16 and subsequent years. Power to make legislation with retrospective effect is contained in paragraph 3(4) of Schedule 4 to the Finance Act 2015, which allows regulations made before 25 December 2015, under paragraphs 27AA(3) and (4) and 27FA(3) and (4) of Schedule 28 to the Finance Act 2004 (c. 12), to include provision having effect in relation to times before the regulations are made.

Regulation 3 inserts new regulations 19 and 20 into the 2006 Regulations.

New regulation 19 specifies the circumstances in which, following a transfer of sums or assets on the cessation of a nominee’s annuity, the new nominee’s annuity will be treated as if it were the original nominee’s annuity. In such a case no unauthorised payment will have arisen. In any other case the transfer is treated as an unauthorised payment.

New regulation 20 makes similar provision in respect of successors’ annuities.

An updated Tax Information and Impact Note was published on 10th December 2014 alongside the Taxation of Pensions Act 2014 and is available on the government website at <https://www.gov.uk/government/publications/pension-flexibility-2015>. It remains an accurate summary of the impacts that apply to this instrument.