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SCHEDULES

SCHEDULE 5

PENSION FLEXIBILITY

Serious ill-health lump sums

- 1 (1) Part 4 of FA 2004 (registered pension schemes etc) is amended as follows.
 - (2) Omit section 205A (serious ill-health lump sum charge on payment to member who has reached 75).
 - (3) In Part 1 of Schedule 29 (interpretation of lump sum rule), paragraph 4 (serious ill-health lump sums) is amended in accordance with sub-paragraphs (4) and (5).
 - (4) In sub-paragraph (1) (meaning of “serious ill-health lump sum”)—
 - (a) at the end of paragraph (b) insert “ and ”, and
 - (b) for paragraphs (c) and (d) substitute—
 - “(ca) either—
 - (i) it is paid in respect of an uncrystallised arrangement, and it extinguishes the member's entitlement to benefits under the arrangement, or
 - (ii) it is paid in respect of uncrystallised rights of the member under an arrangement other than an uncrystallised arrangement, and it extinguishes the member's uncrystallised rights under the arrangement.”
 - (5) After sub-paragraph (2) insert—
 - “(2A) In subsection (1)(ca)(ii) “uncrystallised rights”, in relation to the member, means rights of the member that are uncrystallised rights as defined by section 212(1) and (2).”
- 2 (1) Section 636A of ITEPA 2003 (exemption for certain lump sums under registered pension schemes) is amended as follows.
 - (2) In the heading, for “Exemption” substitute “ Exemptions and liabilities ”.
 - (3) For subsection (3A) (serious ill-health lump sum paid to member who has reached 75 is taxed only under section 205A of FA 2004) substitute—
 - “(3A) Section 579A applies in relation to a serious ill-health lump sum which is paid under a registered pension scheme to a member who has reached the age of 75 as it applies to any pension under a registered pension scheme.”
- 3 (1) In consequence of the amendment made by paragraph 1(2), in Part 4 of FA 2004—
 - (a) in section 164(2)(b) omit “, the serious ill-health lump sum charge”,
 - (b) omit section 272A(7)(a)(ii),

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- (c) in section 280(2) omit the entry for “serious ill-health lump sum charge”, and
 - (d) in Schedule 34—
 - (i) omit paragraph 1(3)(ca), and
 - (ii) in paragraph 5 omit “, serious ill-health lump sum charge”.
- (2) In consequence of the amendment made by paragraph 1(2), in section 30(1) of ITA 2007 omit the entry for section 205A of FA 2004.
- (3) In consequence of the amendments made by paragraphs 1 and 2 and sub-paragraphs (1) and (2)—
- (a) in Schedule 16 to FA 2011, omit paragraphs 28(2)(a), 40, 42(3), 63, 77(4), 81(2) and (4)(b) and 83, and
 - (b) omit section 2(4) of the Taxation of Pensions Act 2014.
- 4 The amendments made by paragraphs 1 to 3 have effect in relation to lump sums paid after the day on which this Act is passed.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)