STATUTORY INSTRUMENTS

2006 No. 137

INCOME TAX

The Registered Pension Schemes (Authorised Member Payments) Regulations 2006

Made - - - -	*25th January 2006*
Laid before the House of Commons	*26th January 2006*
Coming into force - -	*6th April 2006*

The Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by section 164(f) of the Finance Act 2004(**a**), and now exercisable by them(**b**), make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Registered Pension Schemes (Authorised Member Payments) Regulations 2006 and shall come into force on 6th April 2006.

Authorised member payments: demutualisation of insurance companies and members of qualifying pension schemes

2.—(1) Any payment made—

(a) by a company to—

(i) a member of a qualifying pension scheme, or

(ii) a person who is the beneficiary under a qualifying annuity contract;

(b) in connection with the demutualisation of an insurance company,

(c) as compensation to that member or person, for the loss of his rights as a member of the insurance company, and

(d) without reducing the total value of the sums and assets held for the purposes of the scheme, or the value or amount of the annuity, as the case may be,

is prescribed for the purposes of section 164 of the Finance Act 2004 (authorised member payments under registered pension schemes).

(2) In this regulation—

"the commencement date" means 6th April 2006;

(**a**) 2004 c. 12.

(**b**) The functions of the Commissioners of Inland Revenue ("the former Commissioners"), including those under which this instrument is made, were transferred to the Commissioners for Her Majesty's Revenue and Customs ("the new Commissioners") by section 5 of the Commissioners for Revenue and Customs Act 2005 (c. 12). Section 50 of that Act provides that a reference in any other enactment to the former Commissioners is to be construed as reference to the new Commissioners in so far as is appropriate in consequence of section 5.

"demutualisation" means a transfer under an insurance business transfer scheme of the whole or any part of the business carried on by a mutual insurance company to one or more companies with a share capital;

"insurance business transfer scheme" means a scheme falling within section 105 FISMA 2000(**a**);

"mutual insurance company" means an insurance company not having a share capital;

"qualifying annuity contract" means an annuity contract made with an insurance company—

(a) (i) by means of which benefits provided under a pension scheme which, at the time of the purchase of the annuity, fell within one of the categories set out in paragraphs (a) to (c) and (g) of paragraph 1(1) of Schedule 36 to the Finance Act 2004, have been secured, and

(ii) which, immediately before the commencement date, provided for the immediate payment of benefits; or

(b) issued out of a trust scheme within section 620(5) of the Income and Corporation Taxes Act 1988, or

(c) which is a lifetime annuity within the meaning in paragraph 3 of Schedule 28 to the Finance Act 2004, or a short term annuity within the meaning in paragraph 6 of that Schedule;

"qualifying pension scheme" means a registered pension scheme which is neither an occupational pension scheme nor a public service pension scheme; and

expressions defined in section 150, 151 or 280(1) of the Finance Act 2004 have the same meanings in this regulation as they have for the purposes of Part 4 of that Act.

Paul Gray
Mike Eland

25th January 2006 Two of the Commissioners for Her Majesty's Revenue and Customs

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(**a**) The Financial Services and Markets Act 2000 (c. 8) (see section 280(1) of the Finance Act 2004).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe an additional class of authorised member payments for the purposes of section 164 of the Finance Act 2004.

Regulation 1 provides for the citation and commencement of the Regulations.

Regulation 2 prescribes as an authorised member payment, a payment made in connection with the demutualisation of an insurance company, to (i) a member of a registered pension scheme (not being an occupational pension scheme or a public service pension scheme) or (ii) the beneficiary under a qualifying annuity contract. The payment must satisfy the following further conditions:

(a) it is made in compensation for the loss of the person's rights as a member of the insurance company and

(b) it is made without a reduction in the total value of the sums and assets held for the purposes of the registered pension scheme, or the value or amount of the annuity.

A regulatory impact assessment in respect of the provisions of Part 4 of the Finance Act 2004 and subordinate legislation under it was published by the Board of Inland Revenue on 8 April 2004. It is available on the website of HM Revenue and Customs at www.hmrc.gov.uk/ria/simplifying-pensions.pdf or by writing to the Capital & Savings Ministerial Correspondence Unit, 1st Floor, Ferrers House, PO Box 38, Castle Meadow Road, Nottingham, NG2 1BB.

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