STATUTORY INSTRUMENTS

2006 No. 1465

INCOME TAX

The Registered Pension Schemes (Authorised Reductions) Regulations 2006

Made - - - -	*6th June 2006*
Laid before the House of Commons	*6th June 2006*
Coming into force - -	*27th June 2006*

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by paragraph 2(4)(h), (4A) and (8) of Schedule 28 to the Finance Act 2004(**a**) and now exercisable by them(**b**).

Citation, commencement and effect

1. These Regulations may be cited as the Registered Pension Schemes (Authorised Reductions) Regulations 2006, shall come into force on 27th June 2006 and shall have effect in relation to all times on and after 6th April 2006.

Effect of cessation of pension in connection with admission to Chelsea Hospital

2. The reduction of a scheme pension upon the admission of the pensioner to Royal Hospital at Chelsea in accordance with section 24 of the Chelsea and Kilmainham Hospitals Act 1826(**c**) (pension forfeited upon becoming an in-pensioner at Chelsea) does not prevent that pension from satisfying the condition in sub-paragraph (3) of paragraph 2 of Schedule 28 to the Finance Act 2004 (pension payable in any relevant 12 month period to be not less than that for the previous such period).

David Varney
Mike Hanson

6th June 2006 — Two of the Commissioners for Her Majesty's Revenue and Customs

(**a**) 2004 c. 12. Sub-paragraphs (4)(h), (4A) and (8) were inserted by paragraph 11(1), (6), (7) and (9) of Schedule 10 to the Finance Act 2005 (c. 7). Sub-paragraph (4A) is cited because of the extension of the concept of reduction in sub-paragraph (4) to circumstances where a pension ceases to be payable either temporarily or permanently.

(**b**) The functions of the Commissioners of Inland Revenue, including those under which this instrument is made, were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5 of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50 of that Act provides that so far as is appropriate in consequence of section 5, references in other enactments to the former Commissioners (in whatever terms) are to be read as references to the new Commissioners.

(**c**) 1826 c. 16. Section 24 was repealed for certain purposes by section 1 of 9 & 10 Vict. c. 10, and partly repealed (for all purposes) by the Statute Law Revision (No. 2) Act 1888 (c. 57) and section 1 of the Statute Law Repeals Act 1976 (c. 16).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide that the reduction (by way of forfeiture) of a pension in accordance with section 24 of the Chelsea and Kilmainham Hospitals Act 1826 (c. 16) upon the admission of the pensioner to the Royal Hospital, Chelsea does not prevent a pension from satisfying the requirements of paragraph 2(3) of Schedule 28 to the Finance Act 2004 (c. 12). The effect is that a pension capable of forfeiture in these circumstances is still a scheme pension for the purposes of Part 4 of that Act.

Paragraph 2(8) of Schedule 28 to the Finance Act 2004 provides that regulations under (inter alia) paragraph 2(4)(h) may have effect in respect of times before they are made.

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, and is available on the HM Revenue and Customs website at www.hmrc.gov.uk/ria/simplifying-pensions.pdf or (for hard copies) by writing to the Ministerial Correspondence Unit, Capital and Savings 1st Floor Ferrers House, PO Box 38, Castle Meadow Road, Nottingham, NG2 1BB.

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