STATUTORY INSTRUMENTS

1999 No. 1963

INCOME TAX

The Retirement Benefits Schemes (Continuation of Rights of Members of Approved Schemes) (Amendment) Regulations 1999

Made - - - -	*9th July 1999*
Laid before the House of Commons	*9th July 1999*
Coming into force	*30th July 1999*

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by paragraph 19(2) and (3) of Schedule 6 to the Finance Act 1989**(a)**, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Retirement Benefits Schemes (Continuation of Rights of Members of Approved Schemes) (Amendment) Regulations 1999 and shall come into force on 30th July 1999.

Interpretation

2. In these Regulations "the principal Regulations" means the Retirement Benefits Schemes (Continuation of Rights of Members of Approved Schemes) Regulations 1990**(b)** and "regulation" means a regulation of the principal Regulations.

Amendment to the principal Regulations

3. After regulation 7 there shall be inserted the following regulation–

"**Modification of paragraph 23 of the Schedule – further provision**

7AA.—(1) In the circumstances prescribed in paragraph (2) below, paragraph 23 of the Schedule shall be modified so that the references in paragraph 23(2)(b) and (3) to the pension payable under the scheme to the employee for the first year in which it is payable shall be construed disregarding the period between the first event and the second event.

(2) The circumstances prescribed in this paragraph are circumstances where a pension becomes payable by virtue of voluntary contributions made to an approved scheme by the employee (in this regulation referred to as "the first event"), before benefits provided for him by–

(a) the principal provisions of the scheme, or

(b) where the scheme contains provision for the payment of voluntary contributions which is freestanding, the main scheme,

become payable (in this regulation referred to as "the second event").

(a) 1989 c. 26.
(b) S.I. 1990/2101, amended by S.I. 1993/3220, 1996/3114 and 3233.

(3) In this regulation "freestanding", "principal provisions" and "the main scheme" have the same meanings as in paragraph 35 of Schedule 6 to the Finance Act 1989."

S C T Matheson
Tim Flesher
9th July 1999 Two of the Commissioners of Inland Revenue

EXPLANATORY NOTE

(This note is not part of the Regulations)

Part II of Schedule 6 to the Finance Act 1989 ("the Schedule") modifies the rules of retirement benefit schemes approved by the Commissioners of Inland Revenue ("the Board") before 27th July 1989. The Schedule contains powers enabling the Board, by regulations, to provide that, in circumstances prescribed in the regulations, the Schedule or any provision of it shall not apply or shall apply with such modifications as may be so prescribed. Those powers were exercised in the Retirement Benefits Schemes (Continuation of Rights of Members of Approved Schemes) Regulations 1990 (S.I. 1990/2101) ("the principal Regulations"), which have been amended by S.I. 1993/3220, 1996/3114 and 3233.

These amending Regulations insert a new regulation (7AA) in the principal Regulations. The new regulation applies in circumstances where a pension commences to be paid from funds provided by additional voluntary contributions made by the employee before benefits become payable under the principal provisions of the scheme, or the main scheme, which those additional voluntary contributions are intended to supplement; and provides for paragraph 23 of the Schedule (lump sum payable on commutation of pension) to be modified so that the limits on the lump sum which can be paid are not calculated on the basis of the initial pension payable from the additional voluntary contributions only.

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