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Mr Stephen Timms

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Amendment 135

Schedule 19, page 228, line 43, leave out from 'paid' to end of line 2 on page 229 and insert 'in respect of members of schemes whose deaths occur on or after 6th April 2007.

EXPLANATORY NOTE

SUMMARY

1. Amendment 135 corrects a typographical error in paragraph 29(3) of Schedule 19 of the Bill in the start date of the changes to the rules on alternatively secured pensions. This ensures that the changes to remove the option to pay a transfer lump sum death benefit from an alternatively secured pension fund will not affect any person who died before 6th April 2007.

DETAILS

2. This amendment corrects the start date of the changes to the rules on transfer lump sum death benefits in Schedule 19 of the Bill so that they apply to members of schemes who died on or after 6th April 2007 rather than 6th April 2006.

BACKGROUND NOTE

3. Where a member (or a dependant) dies with alternatively secured pension (ASP) funds remaining and there are no remaining dependants of the member, the transfer lump sum death benefit rules permit the remaining funds to be passed to

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other members of the same scheme. Paragraph 5 and the other amendments in Schedule 19 of the Bill ensure that such a transfer will, in the future, be an unauthorised payment.

4. The changes to the ASP rules were announced at PBR 2006. That announcement stated that the ASP changes would apply from 6th April 2007 to all members of ASP funds who died after 6th December 2006 (PBR date). It did not apply to ASP members who had died on or before 6th December 2006, because they would no longer have the opportunity to reorganise their affairs to avoid the new charges. HMRC received some representations during the consultation period that there were a small number of members with ASP funds who had died shortly after 6th December 2006, without having the opportunity to reorganise their affairs and whose funds would, therefore, be subject to the new unauthorised payment charges when they were transferred to other members. As a result, it was decided that the ASP charges on such transfers would not apply to any ASP members who died before 6th April 2007 and this was announced at Budget 2007.
5. The intention of this amendment is that the changes to remove the transfer lump sum death benefit facility will not affect any lump sums paid after 6th April 2007 where the member (or dependant) died before that date.