
45 Inheritance tax: pension drawdown funds

- (1) IHTA 1984 is amended as follows.
- (2) In the italic heading before section 10, at the end insert “(and omissions that do not give rise to deemed dispositions)”.
- (3) In section 12(2G) (interpretation of section 12(2ZA)), in the definition of “entitled”, for “166(2)” substitute “167(1A), or section 166(2),”.
- (4) After section 12 insert –

“12A Pension drawdown fund not used up: no deemed disposition

- (1) Where a person has a drawdown fund, section 3(3) above does not apply in relation to any omission that results in the fund not being used up in the person’s lifetime.
- (2) For the purposes of subsection (1) above, a person has a drawdown fund if the person has –
 - (a) a member’s drawdown pension fund,
 - (b) a member’s flexi-access drawdown fund,
 - (c) a dependant’s drawdown pension fund,
 - (d) a dependant’s flexi-access drawdown fund,
 - (e) a nominee’s flexi-access drawdown fund, or
 - (f) a successor’s flexi-access drawdown fund, andin respect of a money purchase arrangement under a registered pension scheme.
- (3) For the purposes of subsection (1) above, a person also has a drawdown fund if sums or assets held for the purposes of a money purchase arrangement under a corresponding scheme would, if that scheme were a registered pension scheme, be the person’s –
 - (a) member’s drawdown pension fund,
 - (b) member’s flexi-access drawdown fund,
 - (c) dependant’s drawdown pension fund,
 - (d) dependant’s flexi-access drawdown fund,
 - (e) nominee’s flexi-access drawdown fund, or
 - (f) successor’s flexi-access drawdown fund,in respect of the arrangement.
- (4) In this section –
 - “corresponding scheme” means –
 - (a) a qualifying non-UK pension scheme (see section 271A below), or
 - (b) a section 615(3) scheme that is not a registered pension scheme;

“money purchase arrangement” has the same meaning as in Part 4 of the Finance Act 2004 (see section 152 of that Act);

“member’s drawdown pension fund”, “member’s flexi-access drawdown fund”, “dependant’s drawdown pension fund”, “dependant’s flexi-access drawdown fund”, “nominee’s flexi-access drawdown fund” and “successor’s flexi-access drawdown fund” have the meaning given, respectively, by

paragraphs 8, 8A, 22, 22A, 27E and 27K of Schedule 28 to that Act.”

- (5) The amendment made by subsection (4) –
- (a) so far as relating to a fund within the new section 12A(2)(a) or (c) (drawdown pension funds), or to a fund within the new section 12A(3) that corresponds to a fund within the new section 12A(2)(a) or (c) –
 - (i) has effect where the person who has the fund dies on or after 6 April 2011, and
 - (ii) is to be treated as having come into force on 6 April 2011, and
 - (b) so far as relating to a fund mentioned in the new section 12A(2)(b), (d), (e) or (f) (flexi-access drawdown funds), or to a fund within the new section 12A(3) that corresponds to a fund within the new section 12A(2)(b), (d), (e) or (f) –
 - (i) has effect where the person who has the fund dies on or after 6 April 2015, and
 - (ii) is to be treated as having come into force on 6 April 2015.
- (6) Where an amount paid by way of –
- (a) inheritance tax, or
 - (b) interest on inheritance tax,
- is repayable as a result of the amendment made by subsection (4), section 241(1) of IHTA 1984 applies as if the last date for making a claim for repayment of the amount were 5 April 2020 if that is later than what would otherwise be the last date for that purpose.