

New Clause 20: Protected pension age of members employed as a result of coronavirus

Summary

1. This clause introduces changes to the tax regime applicable to registered pension schemes to ensure that those who have retired but return to employment to support the coronavirus response do not suffer adverse tax impacts by losing their ability to receive pension benefits at an age below the current normal minimum pension age which is currently age 55. The changes have effect from 1 March 2020.

Details of the clause

2. Subsection (1) introduces the amendments to Schedule 36 to the Finance Act 2004.
3. Subsection (2) introduces a new re-employment condition to paragraph 22(7F) of Schedule 36 to the Finance Act 2004. This provides that, after becoming entitled to all their pension benefits the individual can be re-employed and retain their protected pension age if the employment begins during a time period defined as the “coronavirus period” and the sole or main reason for that re-employment is to help the employer to respond to the effects of the coronavirus. The new employment does not have to be materially different to the old.
4. Subsection (3) further amends paragraph 22 of Schedule 36 to the Finance Act 2004 to introduce new sub-paragraphs (7K), (7L) and (7M).
5. New sub-paragraph (7K) provides a definition of “coronavirus” and the “coronavirus period”. The coronavirus period begins on 1 March 2020 and ends on 1 November 2020.
6. New sub-paragraph (7L) provides that the end date of the coronavirus period may be extended by HM Treasury regulations to another date falling before 6 April 2021.
7. New sub-paragraph (7M) provides that the period may be extended more than once.
8. Subsection (4) provides that the amendments made by the clause have effect from 1 March 2020.

Background note

9. This clause supports the government’s coronavirus response by ensuring that those who have retired, including members of the police, fire and the uniformed services, but return to work to help deal with coronavirus, do not face adverse pension tax consequences by losing their protected pension age.