STATUTORY INSTRUMENTS

2026 No.

INCOME TAX

The Taxation of Pension Schemes (Transitional Provisions)(Amendment) Order 2026

Made - - - -	***
Laid before Parliament	***
Coming into force	

The Treasury makes this Order in exercise of the powers conferred by section 283(2) of the Finance Act 2004(**a**).

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Taxation of Pension Schemes (Transitional Provisions)(Amendment) Order 2026.

(2) This Order comes into force on xx 2026.

Amendments to the Taxation of Pension Schemes (Transitional Provisions) Order 2006

2. The Taxation of Pension Schemes (Transitional Provisions) Order 2006(**b**) is amended in accordance with the Schedule.

Two of the Lords Commissioners of His Majesty's Treasury

Name

Date *Name*

(**a**) 2004 c. 12
(**b**) S.I. 2006/572

SCHEDULE

Regulation 2

Amendment of The Taxation of Pension Schemes (Transitional Provisions) Order 2006

2. After Article 25A (conditions to be met by stand-alone lump sums) insert—

"Stand-alone lump sums - modification of conditions in article 25A

25AA.—(1) Paragraph (3) applies in the case of a member of a registered pension scheme where the conditions in paragraph (2) are met.

(2) The conditions are that on 5th April 2028—

(a) the member was aged between 55 and 56 (inclusive); and

(b) the member had become entitled to a lump sum ("the relevant lump sum") which would have satisfied the conditions in article 25A (conditions to be met by stand-alone lump sums) had it been paid on or before that date; and

(c) no payment of the relevant lump sum had been made on or before that date.

(3) For the purposes of determining whether condition C in article 25A has been met in relation to a payment of the relevant lump sum made on or after 6th April 2028, the member is deemed to have reached the age of 57 immediately before the date on which the payment of the relevant lump sum is made."

3. After Article 43 (protected pension age and multiple pensions) insert—

"Normal minimum pension age - modification of section 165 (payment of pension rules) where minimum age reached pre 5th April 2028

43A.—(1) Paragraph (5) applies in the case of a member of a registered pension scheme where the member was aged between 55 and 56 (inclusive) on 5th April 2028 and—

(a) Conditions A and B are met; or

(b) Condition C is met.

(2) Condition A is that on or before 5th April 2028, sums or assets held for the purposes of a money purchase arrangement under the registered pension scheme are designated as available for the payment of drawdown pension to the member.

(3) Condition B is that—

(a) on or before 5th April 2028 some or all of the available sums or assets were applied towards the purchase of a short-term annuity ("the new annuity") and the first payment of the new annuity is made on or after 6th April 2028; or

(b) on or after 6th April 2028—

(i) the first payment of pension by way of income withdrawal ("withdrawal pension") is made from some or all of the available sums or assets; or

(ii) some or all of the available sums or assets are applied towards the provision of a scheme pension under the arrangement or the purchase of a short-term annuity or a lifetime annuity ("the new annuity").

(4) Condition C is that—

(a) on or before 5th April 2028, the member becomes entitled to a scheme pension or a lifetime annuity under the registered pension scheme; and

(b) the first payment of that scheme pension or lifetime annuity ("the new annuity") is made on or after 6th April 2028.

(5) For the purposes of determining whether pension rule 1 in section 165 (payment of pension rules) has been met in relation to a payment of the new annuity, scheme pension or withdrawal pension, the member is deemed to have reached the age of 57 immediately before the date on which the first payment of the new annuity, scheme pension or withdrawal pension is made.

(6) For the purposes of this article, "available sums or assets" means —

(a) the sums or assets that have been designated on or before 5th April 2028 as available for the payment of drawdown pension, or

(b) sums or assets which arise, or (directly or indirectly) derive from sums or assets which have been so designated or which so arise or derive.

Normal minimum pension age - modification of paragraph 1 of Schedule 29 (pension commencement lump sum)

43B.—(1) Paragraph (3) applies in the case of a member of a registered pension scheme where the conditions in paragraph (2) are met.

(2) The conditions are that on 5th April 2028—

(a) the member was aged between 55 and 56 (inclusive);

(b) the member had become entitled to a lump sum ("the relevant lump sum") which would have been a pension commencement lump sum had it been paid on or before that date; and

(c) no payment of the relevant lump sum had been made on or before that date.

(3) For the purposes of determining whether the condition in paragraph 1(1)(d) of Schedule 29 (pension commencement lump sum) has been met in relation to a payment of the relevant lump sum made on or after 6th April 2028, the member is deemed to have reached the age of 57 immediately before the date on which the payment of the relevant lump sum is made.

Normal minimum pension age - modification of paragraph 3C of Schedule 29 (pension commencement excess lump sum)

43C.—(1) Paragraph (3) applies in the case of a member of a registered pension scheme where the conditions in paragraph (2) are met.

(2) The conditions are that on 5th April 2028—

(a) the member was aged between 55 and 56 (inclusive);

(b) the member had become entitled to a lump sum ("the relevant lump sum") which would have been a pension commencement excess lump sum had it been paid on or before that date; and

(c) no payment of the relevant lump sum had been made on or before that date.

(3) For the purposes of determining whether the condition in paragraph 3C(1)(e) of Schedule 29 (pension commencement excess lump sum) has been met in relation to a payment of the relevant lump sum made on or after 6th April 2028, the member is deemed to have reached the age of 57 immediately before the date on which the payment of the relevant lump sum is made.

Normal minimum pension age - modification of paragraphs 7 and 7A of Schedule 29 (trivial commutation lump sum)

43D.—(1) Paragraph (3) applies in the case of a member of a registered pension scheme where the conditions in paragraph (2) are met.

(2) The conditions are that on 5th April 2028—

(a) the member was aged between 55 and 56 (inclusive);

(b) the member had become entitled to a lump sum ("the relevant lump sum") which would have been a trivial commutation lump sum had it been paid on or before that date; and

(c) no payment of the relevant lump sum had been made on or before that date.

(3) For the purposes of determining whether the condition in paragraph 7(1)(e) or paragraph 7A(1)(b) of Schedule 29 (trivial commutation lump sum) has been met in relation to a payment of the relevant lump sum made on or after 6th April 2028, the member is deemed to have reached the age of 57 immediately before the date on which the payment of the relevant lump sum is made.

(4) Paragraph (6) applies in the case of a member of a registered pension scheme where the conditions in paragraph (5) are met.

(5) The conditions are that—

(a) the member was aged between 55 and 56 (inclusive) on 5th April 2028;

(b) on or before 5th April 2028, the member had become entitled to a trivial commutation lump sum; and

(c) on or after 6th April 2028, the member becomes entitled to a lump sum ("the further lump sum") which would have been a trivial commutation lump sum had it been paid on or before 5th April 2028.

(6) For the purposes of determining whether the condition in paragraph 7(1)(e) or paragraph 7A(1)(b) of Schedule 29 (trivial commutation lump sum) has been met in relation to a payment of the further lump sum made on or after 6th April 2028, the member is deemed to have reached the age of 57 immediately before the date on which the payment of the further lump sum is made."

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Taxation of Pension Schemes (Transitional Provisions) Order 2006 to make transitional provision resulting from the increase in the normal minimum pension age ("NMPA"), from age 55 to 57 with effect from 6th April 2028, as provided for in section 279 of the Finance Act 2004 ("the Act").

Inserted article 43A ensures that where a member was aged 55 or 56 on 5th April 2028 and had already taken steps to access their pension benefits, those benefits can continue to be paid on or after 6th April 2028 as authorised payments, and there will be no unauthorised payments charge under section 208 of the Act. It achieves this by modifying the application of pension rule 1 in section 165 of the Act which provides that no payment of pension may be made before a member has reached NMPA (or the ill-health condition is satisfied). Where a member has become entitled to a pension as of 5th April 2028 (as defined in section 165(3) of the Act) and is aged 55 or 56 on that date (thereby reaching the NMPA in force at that time), but does not receive payment of their pension until on or after 6th April 2028, article 43A deems the member to have met the new NMPA of 57 immediately before the payment of pension.

Inserted articles 25AA, 43B, 43C and 43D make transitional provision in respect of lump sums. Those articles ensure that where a member was aged 55 or 56 on 5th April 2028 and had become entitled (within the meaning set out at section 166(2) of the Act) to a stand-alone lump sum, a pension commencement lump sum, a pension commencement excess lump sum or a trivial commutation lump sum ("TCLS") as of that date, the sum can be still be paid on or after 6th April 2028 as an authorised payment. There will be no unauthorised payments charge under section 208 of the Act. The articles achieve this by deeming the member to have met the new NMPA of 57 immediately before the payment of the lump sum.

In addition, where a member was aged 55 or 56 on 5th April 2028 and had received a TCLS on or before that date, article 43D deems them to have met the new NMPA of 57 immediately before the payment of any further TCLS. This ensures that a member's window of time in which they may take further authorised payments of TCLS, as set out in paragraphs 7(2) and 7A(2)(c) of Schedule 29 to the Act, is preserved.

A Tax Information and Impact Note will be published on the HM Government website at https://www.gov.uk/government/collections/tax-information-and-impact-notices-tiins.