

His Majesty's Revenue & Customs (HMRC) made dozens of updates to the [Pensions Tax Manual](#) (PTM) in the last quarter of 2024. We set them out in full so you don't have to. Some changes are revealing, some are obvious, whilst others raise fresh questions. It is also a window into the job HMRC has maintaining a suite of guidance, to which we can relate!

In theory, you may have acted on guidance that is no longer there. This is a permanent record of what it used to say.

We have ignored certain 'housekeeping' amendments (e.g. typos). In some places HMRC has put words in bold for emphasis, but we didn't feel these warranted flagging.

New guidance is noted but not shared in full as it can be read via hyperlinks we provide. On the other hand, we have shared any deleted guidance.

Strikethrough indicates ~~words that have been removed~~. Square brackets indicate [words that have been added].

[Annual allowance: essential principles](#)

The only amendment is under [The tapered annual allowance](#). The 'threshold income' was reduced from £260,000 to £200,000.

[Annual allowance: money purchase annual allowance: general](#)

The section [Money purchase annual allowance and alternative annual allowance - tax year 2017-18 to 2022-23](#) was previously "tax year 2017-18 onwards" i.e. the latest position. The years mentioned in that section now refer to the 2022-23 hard stop.

A new section has been added below for 2022-23 onwards.

The section [The money purchase annual allowance test – tax year 2016-17 onwards](#) has also been updated to say the following (or similar) in three places:

"For tax year 2023-24 onwards, the money purchase annual allowance is £10,000."

[Member benefits: essential principles: lump sums](#)

Under [Operating PAYE on the lump sum payment](#), the following has been removed:

"When a P45 may not be used, the Emergency Code should be used on a Month 1 basis until HMRC issues a tax code to operate against future payments (where appropriate). The newsletters also advised

on optional in-year claims procedures for members using forms P50Z, P53Z and P55 as appropriate."

[Member benefits: lump sums: protection of pre-6 April 2006 lump sum rights: enhanced protection and lump sum protection](#)

This PTM has been [archived](#). The content is now in [Chapter 17](#).

[Member benefits: lump sums: protection of pre-6 April 2006 lump sum rights: scheme-specific lump sum protection - overview](#)

In the first section [What is scheme-specific lump sum protection?](#), the fourth paragraph has had a sentence removed from the end that read:

"See the section [Calculating the maximum permitted pension commencement lump sum](#) for guidance on how to calculate the maximum permitted lump [sic]."

The [Conditions for scheme-specific lump sum protection](#) subsection **When the member must become entitled to their pension** used to begin:

“The individual must ~~also~~ become entitled to all of their pension rights under the scheme...” (Note the deleted word.)

The section [Scheme-specific lump sum protection and the lump sum allowance and lump sum and death benefit allowance](#)'s first paragraph has been rephrased. It used to say:

“Payment of a scheme-specific lump sum is a relevant benefit crystallisation event. The relevant benefit crystallisation event occurs when the member becomes entitled to the lump sum, that is, immediately before the relevant pension crystallises.”

This section was only added in early 2024 but has now been removed entirely:

“Calculating the available lump sum and death benefit allowance

Paragraph 1(1)(b) schedule 29 Finance Act 2004 Section 637S ITEPA 2003

The member must have available lump sum allowance (see PTM171000) and lump sum and death benefit allowance (see PTM172000) when the scheme-specific pension commencement lump sum is paid.”

The subsection **Part of the lump sum may be taxable** now has a citation. Its first sentence

used to refer to the individual's available “lump sum allowance” and now says the “lump sum [and death benefit] allowance”.

In the next sentence “lump sum” used to be “proposed lump sum calculated using the formulae below”. Finally, the last sentence of the paragraph replaces:

“Any excess could be a pension commencement excess lump sum and taxable at the individual's marginal rate. A pension commencement excess lump sum can only be paid if it isn't possible to pay any other type of lump sum from the scheme (such as, for example, an uncrystallised funds pension lump sum).”

In the [Payment of a scheme-specific protected pension commencement lump sum with a trivial lump sum](#) subsection **What is a trivial lump sum?**, the fourth bullet point used to read:

“the member has available lump sum allowance when the lump sum is paid ~~as the scheme-specific pension commencement lump sum will crystallise before the trivial lump sum, this means the member's available lump sum and death benefit allowance needs to be more than the amount of the connected pension commencement lump sum~~”

[Death benefits: lump sums: uncrystallised funds lump sum death benefit](#)

In this paragraph, two phrases have been deleted to subtly alter the meaning:

“These are the payment conditions for lump sums paid ~~in respect of someone who died~~ on or after 6 April 2011. For guidance relating to payments made ~~in respect of a member who died~~ before 6 April 2011 see RPSM10105200 on the [National Archives](#) website.”

[Death benefits: lump sums: pension protection lump sum death benefit](#)

As above, in this paragraph, there have been two sets of deletions:

“These are the payment conditions for lump sums paid ~~in respect of someone who died~~ on or after 6 April 2011. For guidance relating to payments made ~~in respect of a member who died~~ before 6 April 2011 see RPSM10105150 on the [National Archives](#).”

Under [The maximum pension protection lump sum death benefit payable](#), the pension protection limit formula used to be “AC – AP – TPLS”.

AC was either:

- the amount which crystallised as a BCE 2 as the member became entitled to their pension before reaching age 75, or
- the amount that would have crystallised as a BCE 2 but for the fact that the member became entitled to their scheme pension on or after reaching age 75.

AP and TPLS are unchanged.

[Death benefits: lump sums: annuity protection lump sum death benefit](#)

As above, in this paragraph, there have been two sets of deletions:

~~“These are the payment conditions for lump sums paid in respect of someone who died on or after 6 April 2011. For guidance relating to payments made in respect of a member who died before 6 April 2011 see [RPSM10105160 on the National Archives](#).”~~

In the subsection [The maximum annuity protection lump sum death benefit payable](#) and the formula for the annuity protection limit, the definition of ‘AC’ used to be:

- the amount which crystallised as either a BCE 2 or a BCE 4 as the member became entitled to their pension or annuity before reaching age 75.

- the amount that would have crystallised as either a BCE 2 or a BCE 4 but for the fact that the member became entitled to their pension or annuity on or after reaching age 75.

In the example, the sentence:

“A lifetime annuity contract is purchased for David from funds [not previously allocated to provide member or death benefits,] at a cost of £100,000.”

Used to be the pithier:

“A lifetime annuity contract is purchased for David from ~~uncrystallised~~ funds at a cost of £100,000.”

[Death benefits: lump sums: trivial commutation lump sum death benefit](#)

As above, in this paragraph, there have been two sets of deletions:

~~“These are the payment conditions for lump sums paid in respect of someone who died on or after 6 April 2011. For guidance relating to payments made in respect of a member who died before 6 April 2011 see RPSM10105260 on the [National Archives](#).”~~

The section [How a trivial commutation lump sum death benefit is taxed](#) is considerably

shorter thanks to the removal of these bits of guidance:

“The pension scheme administrator must apply PAYE to the lump sum payment before paying the lump sum.”

After the second paragraph:

“Where the lump sum payment is in respect of a pension already in payment to the dependant or individual, the PAYE code already in operation should be used.

Where the pension being commuted was not already in payment to the dependant or individual, the basic rate (BR) tax code should be used.”

Then after the final paragraph:

“Because of the way PAYE works, using the BR code on these lump sum payments may mean that the recipient ends up paying too much tax. Where this does happen, the person who has paid too much tax can claim the tax back in-year. There is guidance for individuals on how to do this on the GOV.uk website.

The problem is that many of the people affected won't know that they may have paid too much tax and so are entitled to a tax refund. To help the people affected please include advice on how to claim a

refund when you issue the lump sum payment. Some suggested wording that you could use is shown below. This will also help you by reducing the number of enquiries you may get on how the lump sum has been taxed and claiming refunds."

There was a section with **Suggested wording pension payers can use when making the lump sum payment**. It seemed excessive to include that here, but it can be viewed on the [page archive](#).

[Transfers: transfers to a QROPS: transfers from a registered pension scheme to a QROPS](#)

Under [The overseas transfer charge](#), the original list of five exclusion conditions is kept, but that list is marked for transfers requested up to 30 October 2024.

The following list of four exclusion conditions for later transfers has been added.

[Transfers: transfers to a QROPS: essential principles of the overseas transfer charge](#)

Under [When an overseas transfer charge arises on a transfer from a registered pension scheme](#), bullet point 2 used to cover members residents in the EEA "or Gibraltar".

The note "this exclusion applies only in respect of transfers requested before 30 October 2024 and completed before 30 April 2025" has also been added.

[Transfers: transfers to a QROPS: when the overseas transfer charge doesn't apply – the exclusion conditions](#)

In several places, where it used to refer to "the ~~five~~ exclusion conditions", the number has been deleted.

Under [The exclusion conditions that apply ...](#) subsection **Member and QROPS in UK, EEA or Gibraltar**, the note at the start is new. The next sentence, which ends "resident in a country within the EEA" used to finish with "or Gibraltar".

Then, under subsection **QROPS set up by an international organisation**, a probable mistake. The paragraph beginning "provides guidance on the definition of ... " made more sense when it used to have [PTM112200](#) in front of it. This was not a recent error (it was lost in April), but Aries has flagged this anyway.

[Transfers: transfers to a QROPS: examples of when a transfer is not subject to an overseas transfer charge](#)

Under [Onward transfer from a QROPS – exclusion example 3](#), the sentence in the third paragraph:

"This scheme is not employment-related and Brian is not resident in the same country as that in which the Hartley H QROPS is established."

used to have a few more words:

"This scheme is not employment-related, ~~is not based in the EEA or Gibraltar~~ and Brian is not resident in the same country as that in which the Hartley H QROPS is established."

[Transfers: transfers to a QROPS: when an overseas transfer charge \(OTC\) arises due to a change in circumstances after a transfer](#)

The section [When an overseas transfer charge arises...](#) offers a rare thing: a time limited citation. Section 244C (5) is cited but "for transfers requested before 30 October 2024 and completed before 30 April 2025 only".

Similarly, in that same section, the second bullet did not previously contain that same caveat.

That bullet point did used to have another “or Gibraltar”, as in:

“the member was UK resident or resident in a country within the European Economic Area (EEA) ~~or Gibraltar~~”

Of course, the QROPS may still be resident in Gibraltar.

Under [Requirement to notify change of residence](#), the second bullet has lost one of its ‘Gibraltar’ references (the one after “the UK”). It was supplemented though with “(for transfers requested before 30 October 2024 and completed before 30 April 2025 only)”. Consistent with the above.

The sentence that now begins “The transfer will become subject to the tax charge if” used to begin with:

~~“If the receiving QROPS is not established in an EEA country or Gibraltar the transfer will become subject...”~~

The following paragraph used to start with “If” rather than:

“For transfers requested before 30 October 2024 and completed before 30 April 2025 only, if...”

In that same paragraph, “Gibraltar or” has been deleted between “if the member is not

resident in” and “a country that is a member of the EEA.”

Under [‘Telling HMRC about liability...’](#) the entry in the bullet list:

“the amount of the member’s overseas transfer allowance [that is available on the making] of the transfer...”

Was previously:

~~“the amount of the member’s overseas transfer allowance used up as a result of the transfer...”~~

[Transfers: transfers to a QROPS: when an overseas transfer charge may be repaid](#)

Under section [‘Repayment due to a change of circumstances’](#) the second bullet has had this clause added:

“(for transfers requested before 30 October 2024 and completed before 30 April 2025 only)”

The earlier version of the bullet used to say

“... the exclusion conditions of ~~either (or both)~~ sections section 244B (member and scheme resident in the same country) or section 244C (member resident in UK, ~~Gibraltar~~ or EEA...”

[Transfers: transfers to a QROPS: member actions - Information they have to provide after the transfer to a QROPS](#)

In the third entry of the first bullet list, this clause has been added:

“for transfers requested before 30 October 2024 and completed before 30 April 2025 only”

It previously ended with “EEA country ~~or Gibraltar~~.”

[Transfers: Transfers to a QROPS: Scheme administrator actions – after the transfer](#)

The sixth bullet under **‘About the transfer’**:

“The amount of the member’s overseas transfer allowance [that is available on the making] of the transfer...”

Previously said:

~~“The amount of the members overseas transfer allowance used up as a result of the transfer...”~~

Under the [‘Transfer reports to the member’](#) subsection **Information about the overseas transfer charge**, in the second bullet list (i.e. where the OTC did not apply to the transfer),

the fourth bullet point did not previously contain:

“(for transfers requested before 30 October 2024 and completed before 30 April 2025 only)”

But, as elsewhere, the member could be resident in “Gibraltar” (whereas now, Gibraltar is only mentioned in reference to the scheme).

[Transfers: transfers to a QROPS: scheme manager actions – after the transfer](#)

The clause:

“(for transfers requested before 30 October 2024 and completed before 30 April 2025 only)”

has been added under the sections [Tell HMRC about a change of the member's address](#) and [Give the member a transfer notice](#). In the second case, that sentence has had one “Gibraltar” cut:

“...or because the member is resident in the UK, ~~Gibraltar~~ or the EEA and the scheme is within the EEA or Gibraltar...”

[International: qualifying recognised overseas pension schemes \(QROPS\): introduction](#)

Under the [Tax treatment of QROPS](#) subsection **The overseas transfer charges**, the second bullet used to say:

“none of the ~~five~~ exclusion conditions set out at [PTM102300](#) are met”

[International: qualifying recognised overseas pension schemes \(QROPS\): Reports to be made to HMRC automatically](#)

The clause:

“(for transfers requested before 30 October 2024 and completed before 30 April 2025 only)”

has been added under the section [Report the change of a member's address](#).

Under [Tell HMRC that an overseas transfer charge is repayable](#) there is a new entry in the bullet list:

“the amount of the member's overseas transfer allowance that was available on the making of the transfer”

[International: qualifying recognised overseas pension schemes \(QROPS\): reporting by former QROPS](#)

The clause:

“(for transfers requested before 30 October 2024 and completed before 30 April 2025 only)”

has been added under the section [Report the change of a member's address](#).

[Information and administration: information the deceased's personal representative\(s\) must provide to HMRC](#)

Rather than “Personal representatives should complete the form provided...”, this page used to end with:

“There's no specific form that personal representatives should use to make their report to HMRC. The personal representatives should simply write to HMRC, giving the required details, to the following address:”

[Lump sum allowance and lump sum and death benefit allowance: Relevant benefit crystallisation events](#)

Under the [Order of the relevant benefit crystallisation event](#) subsection **Lump sum and death benefit allowance** there was a third bullet point:

- In an order which may be decided by the individual's personal representative.

The rest of that subsection (beginning "An individual's LSDBA availability on the occurrence of multiple relevant...") is new.

[Lump sum and death benefit allowance: Transitional rules for the tax year 2024-25: Lump sum allowance availability](#)

Under [Transitional tax-free amount certificates](#) the term "certification administrator" has been introduced, replacing (in turn) "scheme administrator" and "registered pension scheme".

In the Example with Eva, it replaces "pension scheme".

[Lump sum allowance and lump sum death benefit allowance: Transitional rules for the tax year 2024-25: Lump sum and death benefit availability](#)

The [Relevant benefit crystallisation events](#) subsection **Multiple lump sum death benefits being paid** has been expanded. Previously it was this paragraph (without a heading):

"Where an individual has more than one relevant benefit crystallisation event on the same day, they are to be treated as occurring:

- Immediately before the individual's death,
- Immediately after any PCLS to which the individual becomes entitled immediately before death, and
- In an order which may be decided by the individual's personal representative"

Under [Benefit crystallisation events pre-April 2024 with a transitional tax-free amount certificate](#), the term "certification administrator" has replaced "scheme administrator" in the first paragraph and in Avril's Example.

[Lump sum allowance and lump sum and death benefit allowance: Transitional rules for the tax year 2024-25: Transitional tax-free amount certificates](#)

The initial citation has been expanded from its previous iteration "Paragraph 127 Schedule 9 Finance Act 2024".

In the opening paragraph, the term "certification administrator" has replaced "pension scheme". HMRC have also added an explanation of the term.

Under [Lump sum transitional tax-free amount](#), the paragraph that begins "For information on how the pre-commencement pensions are..." has replaced:

"In addition, if the member had a pension in payment before 6 April 2006, 25% of the amount of the deemed BCE under paragraph 20 Schedule 36 FA 2004 that occurred immediately before the first BCE is included in the lump sum transitional tax-free amount."

The equivalent paragraph that is now under [Lump sum and death benefit transitional tax-free amount](#) used to read:

"In addition, if the member had a pension in payment before 6 April 2006, 25% of the amount of the deemed BCE under paragraph 20 Schedule 36 FA 2004 that

occurred immediately before the first BCE is included in the lump sum and death benefit transitional tax-free amount."

Under [Application for certification](#), the term "certification administrator in relation to the individual" has replaced "registered pension scheme they are a member of".

The paragraph that now begins "An individual cannot apply for a certificate if they have become entitled..." has been significantly rephrased and previously read:

"An individual cannot make an application to a scheme they are not yet a member of. An individual cannot apply for a certificate if they have already had a relevant benefit crystallisation event occur on or after 6 April 2024. A certificate must be issued before a member's first relevant benefit crystallisation event."

Then under '[Complete evidence](#)', the similar paragraph that now begins "An individual can apply again for a certificate after ...", is also amended to a lesser degree. Again "certificate administrator" has replaced "scheme administrator" (twice, and later in the final paragraph of the section). The paragraph's last sentence was also amended where it previously had read:

"An individual can only reapply for a certificate on rejection if they have not yet had a relevant benefit crystallisation event."

Under [Certification](#) there are several changes to "certification administrator". This warning has also been added:

"Where a certification administrator fails to provide a certificate or notice of refusal, a penalty of £300 can be issued."

The subsection **Information by individuals to certification administrators on issue of a certificate** is new.

Under **Refusal**, "certification administrator" replaces "pension scheme".

Under **Inaccurate transitional tax-free certificates**, the paragraph that begin as follows (plus the one that follows it) has been added:

"Where an individual is overpaid a pension commencement lump sum..."

The last subsection **Information by individuals to certification administrators on cancellation of a certificate** is also new.

Finally, under [Pre-commencement pensions](#), the last paragraph used to be:

"These individuals with pre-commencement pensions are still required to submit complete evidence to their pension scheme and should provide of their deemed benefit crystallisation events which will reflect their benefits taken before the commencement of the lifetime allowance."

[Lump sum allowance and lump sum and death benefit allowance: Transitional rules for the tax year 2024-25: Enhanced protection](#)

The section on [Transfers and enhanced protection reporting](#) has been added.

In the section on [Lump sum allowance availability](#), the term "certification administrator" has replaced "scheme administrator".

The section [Transfers and the permitted maximum](#) has been rewritten where it previously just said:

"For information about an individual's enhanced protection permitted maximum in the event that they have transferred providers since 5 March 2023 or 5 March 2024 please see the pension scheme newsletters."

[Lump sum allowance and lump sum and death benefit allowance: Transitional rules for the tax year 2024-25: Primary protection](#)

The term “certification administrator” replaces “scheme administrator” or “pension scheme” in several places.

[Lump sum allowance and lump sum and death benefit allowance: Transitional rules for the tax year 2024-25: Individual protection](#)

The term “certification administrator” replaces “scheme administrator” in four places.

[Lump sum allowance and lump sum and death benefit allowance: Transitional rules for the tax year 2024-25: Fixed protection](#)

The term “certification administrator” replaces “scheme administrator” in six places.

[Lump sum allowance and lump sum and death benefit allowance: Enhancement factors: Recognised overseas scheme transfer factor: Overview](#)

In several places, the term “standard lifetime allowance” has replaced “£1,000,000”:

- the second paragraph under **Entitlement to a recognised overseas scheme transfer factor**
- step 3 under **How to calculate the recognised overseas scheme transfer factor**
- both examples under **Examples of how to calculate the recognised overseas transfer factor**, resulting in different answers for the factors each time.

[Lump sum allowance and lump sum and death benefit allowance: Enhancement factors: Non-residence factor: Cash balance arrangement](#)

Similar to the previous page, step 4 under [How to calculate the non-residence factor for a cash balance arrangement](#) used to read:

“Divide the result of step 3 by ~~£1,000,000~~.”

Under [Example of calculating the non-residence factor for a cash balance arrangement](#), the formula used to end with:

“£450,000 / £1,000,000 = 0.45

Lee’s cash balance arrangement non-residence factor is therefore 0.45.”

[Lump sum allowance and lump sum and death benefit allowance: Enhancement factors: Non-residence factor: Other money purchase arrangements](#)

As above, “£1,000,000” has been replaced in the paragraph that begins:

“The resulting figure is then divided by [the standard lifetime allowance at the date under the second set of bullet points above.]”

The formula in the example used to end with:

“£175,000 / £1,000,000 = 0.15

Moira’s non-residence factor is therefore 0.15.”

[Lump sum allowance and lump sum and death benefit allowance: Enhancement factors: Pensions credit factor](#)

Under [Calculating a pension credit factor](#), the formula used to read:

“A / £1,000,000”

The definition for ‘SLA’ was therefore a necessary addition.

[Lump sum allowance and lump sum and death benefit allowance: Enhancement factors: Applying enhancement factors at relevant benefit crystallisation events](#)

In the citation for several sections, "Paragraph 20H" previously read "Paragraph 6A".

In Drew's example under [Applying enhancement factors without protections](#), "£1,073,100" has replaced "£1,000,000", resulting in different figures throughout the rest of his calculation.

[Lump sum allowance and lump sum death benefit allowance: Primary protection: Lump sum protection in excess of £375,000](#)

The section [Protection of lump sums exceeding £375,000 with primary protection: pension commencement lump sums](#) used to contain this paragraph:

"To be paid a pension commencement lump sum an individual must have available lump sum allowance, however future legislation may adjust this requirement please see pension scheme newsletters for individuals without an available lump sum allowance."

[Lump sum and lump sum and death benefit allowance: Enhanced protection: Overview](#)

A new section has been added: [Transfers and enhanced protection reporting requirements](#).

The last section on [Transfers and the permitted maximum](#) used to read simply:

"For information about an individual's enhanced protection permitted maximum in the event that they have transferred providers since 5 March 2023 or 5 March 2024 please see the pension scheme newsletters."

[Lump sum allowance and lump sum and death benefit allowance: Enhanced protection: Lump sum protection in excess of £375,000](#)

The first section on [Lump sum protection available for individuals with enhanced protection](#) used to have this paragraph at the end:

"To be paid a pension commencement lump sum an individual must have available lump sum allowance, however future legislation may adjust this requirement please see pension scheme newsletters for individuals without an available lump sum allowance."

We think the PTM is an important and welcome service. HMRC does flag and explain the changes it makes, but only in a short form. The last page's update above was described as:

"Changes in line with SI2 LTA Abolition FA 24"

This is not enough to identify what has changed. That said, we do not suggest it would be the best use of a civil servant's time to itemise the changes in the way we have attempted here. Nor is it practical for every pension organisation to perform this kind of analysis individually. This is where Aries, a technical service for the Pensions Industry, can fill in.

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Aries Insight – December 2024

