

Application for a Transitional Tax-free Amount Certificate



JHAY1071

Using this form

From 6 April 2024, the pension lifetime allowance (LTA) has been abolished. Replacing this are two new allowances:

- **the lump sum allowance (LSA):** this limits the total amount people can take as tax-free lump sums during their lifetime. For most people it's set at £268,275; and
- **the lump sum and death benefit allowance (LSDBA):** this limits the total amount which can be taken as tax-free lump sums during a member's lifetime or following their death. For most people it's set at £1,073,100.

For individuals who had taken some benefits before 6 April 2024, a deduction against the LSA and LSDBA must be made to reflect that they have already received one or more tax free lump sums. The standard position is that the LSA and LSDBA are reduced by 25% of the individual's previously used lifetime allowance, although special rules apply where a serious ill-health lump sum was paid before 6 April 2024. The standard position is referred to by HM Revenue & Customs (HMRC) as the "standard transitional calculation".

An alternative approach is available for individuals who have complete and accurate records of the monetary value of tax-free amounts previously received. Where these records are available, the individual can request that their scheme uses this evidence to calculate and provide a certificate of their reduced LSA and LSDBA, instead of automatically deducting 25% of the individual's previously used lifetime allowance. This certificate is referred to by HMRC as a "transitional tax-free amount certificate".

The certificate should be given to any scheme from which the individual (or their beneficiaries) wants to take benefits. The scheme will use the certificate to deduct the amounts shown from the individual's LSA and LSDBA to determine the maximum tax-free amount which can be paid.

Please note: A transitional tax-free amount certificate can only be applied for if no relevant benefit crystallisation event has taken place on or after 6 April 2024. Section 637S of the Income Tax (Earnings and Pensions) Act 2003 gives the meaning of relevant benefit crystallisation event for this purpose.



Important note: Please read before requesting a certificate

A transitional tax-free certificate should only be applied for where an individual can provide complete evidence that they have received, as of 6 April 2024, a lower amount as tax-free lump sums than that provided for by the standard transitional calculation.

The way legislation is written means a transitional tax-free amount certificate might give a worse outcome than the standard transitional calculation. HMRC has said once an individual receives a transitional tax-free amount certificate, it is irreversible and they must use it even if it results in a poorer outcome for the individual. Therefore, care needs to be taken before making a request.

You are responsible for deciding whether to apply for a transitional tax-free amount certificate. We will provide a certificate when asked to do so in accordance with our legislative obligations. We are not responsible if the production of a transitional certificate results in a poorer outcome for you.

Please note that we can only produce a certificate for individuals who have benefits in a Nucleus Financial Group pension contract.

HMRC have published a tool for members or personal representatives to check if they can apply for a transitional tax-free amount certificate. Please be aware that HMRC's tool will not cover all client scenarios and we strongly recommend you seek financial advice before making an application for a certificate. The link to the service is <https://www.tax.service.gov.uk/guidance/Check-if-you-can-apply-for-a-Transitional-tax-free-amount-certificate/start>.

1 Personal details

Applicant to complete

Please complete the below as completely as possible. We require information for all schemes and all crystallisation events which have taken place between 6 April 2006 and 5 April 2024, even if the normal 25% pension commencement lump sum was taken from that scheme.

Full name

National Insurance number

Date of birth

2 Benefit history

Applicant to complete

Scheme name

This is likely to be James Hay Personal Pension Plan, IPS SIPP, IPS (2008) SIPP, IPS Pension Builder SIPP or IPS Family SIPP. Please check your product terms and conditions or contact us if you are unsure of the name of your pension scheme.

Member number

Total lifetime allowance used as at 5 April 2024, expressed as a percentage of the standard lifetime allowance %

Do you have any form of lifetime allowance protection? Yes No

If **Yes**, please enclose a copy of the certificate or provide details below

Type of protection

LTA protection notification number

The LTA protection notification number is normally the type of protection, followed by 10 digits and one letter. For example, for a fixed protection 2016 case, it could be FP161234567890A.

Please complete the following table if you had at least one crystallisation event between 6 April 2006 and 5 April 2024. Please provide full details of any pension commencement lump sum (PCLS), the tax-free element of any uncrystallised funds pension lump sum (UFPLS), any serious ill-health lump sums and any tax free lump sums taken prior to 6 April 2006.

If the only benefits you have taken were prior to 6 April 2006, you are not entitled to a Transitional tax-free amount certificate and should not complete this application.

Scheme name	Date of crystallisation	Monetary amount
		£
		£
		£
		£
		£
		£
		£
		£
		£
		£

3 Evidence required

For each crystallisation, please provide evidence of the monetary amount of the tax-free lump sum received.

We need a document including details of the scheme name and monetary amount of tax-free lump sum paid. For example, this could be a letter or email detailing benefits paid. Please note that an 'Options' form or application is not sufficient, as we need a document confirming the benefits that were actually paid.

What the certificate will show

The transitional tax-free amount certificate will show the total monetary amount of tax-free lump sums which has been paid from all of the individual's pension arrangements.

The certificate will detail:

1. the individual's name, address and national insurance number.
2. the amount of the individual's lifetime allowance previously used, expressed as a percentage of the standard lifetime allowance.
3. The lump sum transitional tax-free amount. This is the monetary total of all pension commencement lump sums and the tax-free part of all uncrystallised funds pension lump sums paid to the individual.
4. The lump sum and death benefit transitional tax-free amount. This is the transitional tax-free amount plus the monetary value of any tax-free part of any other lump sum payments that would previously have been tested against the individual's lifetime allowance (noting this includes any serious ill health lump sums or uncrystallised funds lump sum death benefit paid if the individual died before age 75). This amount may often be the same as (3).

It is then up to schemes paying out further lump sums to deduct these values from the individual's LSA and LSDBA.

Please note that the certificate does not show the individual's LSA or LSDBA available for future use.

4 Declaration

Applicant to complete

I confirm that I am the individual named at the start of this form or, where that individual is deceased, I am their personal representative.

By completing this form, I apply for a transitional tax-free amount certificate.

I confirm that no relevant benefit crystallisation events have occurred on or after 6 April 2024.

I understand that, once received, the transitional tax-free amount certificate must be provided to any pension scheme trustees or administrator from whom benefits are requested.

I confirm that the information contained in this form and the evidence provided with it are true, accurate and complete to the best of my knowledge and belief.

If incorrect information is provided, I accept that James Hay bears no responsibility, and any tax charges arising will be paid for by me or from my/the deceased individual's pension funds.

Individual/personal representative's signature:

Name

Date

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

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