

# RULE B11

## Deduction of tax and lifetime allowance charge

**Rule B11 gives a fire and rescue authority the power to deduct tax charges from certain benefits.**

**Power to deduct tax from refunds** In the Finance Act 2004, HM Revenue and Customs ("HMRC") introduced a new tax regime for pension schemes with effect from 6 April 2006. Some benefits are chargeable to tax and some are tax exempt (provided they are authorised payments as allowed under the Act). In some cases where tax is due on the benefits this will be paid directly by the member to HMRC, e.g. as in the case of a trivial commutation lump sum. In other cases tax is paid to HMRC by the scheme administrator but is recoverable from the Scheme member's benefits, e.g. as in the case of refunds of contributions or benefits paid in excess of the Standard Lifetime Allowance.

Rule B11 covers these latter cases, allowing the fire and rescue authority as the scheme administrator to deduct the tax due.

**Useful reference source** FSC 4/1988: tax due on refunds increased from 10% to 20%.  
FPSC 9/2006: amendments consequential to the new tax regime.

### Points To Note

1. Before 6 April 2006, Rule B11 reflected earlier tax regimes for pension schemes and set out the provisions whereby the scheme administrator (the fire and rescue authority) could recover from a firefighter's refund of contributions any tax due under s598 of the Income and Corporation Taxes Act 1988. (A refund of contributions paid to personal representatives following a firefighter's death (see Rule E4) was not taxable under the Act because the refund was not made during the scheme member's lifetime (see HMRC PSI Manual: PSI 11.2.15)).