Gresham Street Partners

PRESS RELEASE

New 2015 Tax Break

HMRC have announced they are permitting QROPS Trusts (which as you know permit the transfer of UK pensions offshore) to be enacted in the same manner as Osborne's new rules for UK pensions he is bringing in in April – in other words the 100% encashment commutation of them once the settlor/pensioner is Aged 55.

This will be good for all advisers (extra Funds Under Management) or those who either have UK pensions or indeed QROPS Trusts already. Once someone has a QROPS in place for a full Fiscal year, he can access the full value without any tax payable to the UK. He can then invest wherever & however he wishes. Obviously dependent on where one remits the funds into will determine whether there is tax to be paid but only on what is remitted at that point.

So for those living in Portugal, Andorra, Italy, Monaco, Luxembourg, Bermuda, BVI, Bahamas, Eire, Cyprus, Far East, Middle East, parts of South America & of course Switzerland, the tax paid will be considerably less than the UK - if not zero. Of course for UK Res/Non-Doms of any nationality they also benefit hugely because they do not pay tax on overseas earnings; so until they remit these funds the monies are tax-free & can be invested as such.

To clarify: those who should be licking their lips are those of you &/or your clients with UK pensions or QROPS already established who:

- Currently live outside the UK & resident in the jurisdictions mentioned above
- Intend to retire abroad
- Are UK Res' but Non-Doms for the reasons mentioned above

For the technically minded, this was announced in a Business Tax policy paper drafted by HMRC on Dec'19th (hence reason no one picked up on this until now) on changes to the taxation of Pension Act 2014, published as a draft Statutory Instrument on Overseas Schemes. We believe this will be enacted with the remainder of the Autumn Statement proposals including the 100% commutation of UK pensions, in the April Budget.

A word of caution: this is fine whilst a Conservative Government is in control. We generally feel that Labour will be against the Tories' recent pension revolution & may well try to reverse this once they are in control. Whilst that wouldn't be likely to happen within the next few months, it would quite possibly form part of the next year's budget if Cameron is out. It is probably therefore not something worth prevaricating about once it clearly applies to you or your clients.

GSP will be delighted to enlarge upon any of these points & be of assistance should this prove to be of interest and value to you.

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8 January 2015