



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

HIGHLIGHTING PENSIONS NEWS AND LEGISLATION THAT HAS PARTICULAR RELEVANCE TO WHAT WE DO IN PENSION ADMINISTRATION

HMRC: Pension schemes newsletter 85

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 85](#) which provides updates and additional information on a range of topics including:

- Spring Budget 2017 - information about the pensions changes and wording in the appendices which schemes can use when communicating with members and overseas scheme managers about the new overseas transfer charge (see below)
- Reporting wholly non-taxable death benefits – the procedure outlined in [newsletter 78](#) should continue to be followed for the 2017/18 tax year, until HMRC rectifies the issue regarding P6 tax coding notices
- Lifetime allowance – details of members relying on the latest types of protection should be reported to HMRC by email rather than using the 2017 to 2018 Event Report.

Spring Budget 2017

The Chancellor of the Exchequer, Philip Hammond, included a number of pensions related items in his [Budget](#) on 8 March 2017.

- It has been [confirmed](#) that the reduction to the money purchase annual allowance (MPAA) from £10,000 to £4,000 announced in the Autumn Statement 2016 will go ahead as planned. A [response](#) has been published to the [consultation](#) in November 2016 saying that the Government still believes that this reduction is appropriate, and the reduction which will be effective from 6 April 2017 will also apply to members who have already flexibly accessed defined contribution (DC) benefits.
- The tax registration process for master trust pension schemes will be changed to align with the Pension Regulator's new authorisation and supervision regime which is being introduced through the Pension Schemes Bill currently being [progressed](#) through Parliament (see [PATHways 69](#)).
- There will be a [tax charge on transfers](#) to qualifying recognised overseas pension schemes (QROPS). With effect from 9 March 2017, there will be a 25% tax charge on transfers to QROPS unless certain conditions are met. The tax charge will not apply to transfers where a substantive request for a transfer was made before that date. More detailed information is given in the [draft HMRC guidance](#).

As a consequence, an overseas scheme will not be able to continue to be a QROPS unless HMRC is in receipt of the required undertaking by 13 April 2017, confirming that it will operate the new overseas transfer charge.

Forms and guidance in HMRC's [overseas pension schemes collection page](#) have already been updated.

HMRC: Countdown Bulletin 24

HMRC's National Insurance Services to Pensions Industry has published [Countdown Bulletin 24](#) which includes:

- A reminder about the December 2018 deadline for reconciliation activity and the need to plan ahead so that queries (initial and follow up) are submitted before October 2018
- Some scheme reconciliation hints and tips
- Details of a spreadsheet which is available on request from HMRC listing all the Countdown Bulletins issued so far and what was in them, for ease of reference to previous articles.

Some legislation published in March

[The Guaranteed Minimum Pensions Increase Order 2017](#) – post-6 April 1988 Guaranteed Minimum Pensions (GMPs) must be increased by at least 1% from 6 April 2017.

[The Social Security Revaluation of Earnings Factors Order 2017](#) – commonly known as a 'Section 148 Order', this provides for the earnings factor for the 2016/17 tax year to be revalued by 2.6% (with corresponding increases to the revaluation percentages for previous tax years).

[The Occupational Pension Schemes and Social Security \(Schemes that were Contracted-out and Graduated Retirement Benefit\) \(Miscellaneous Amendments\) Regulations 2017](#) – among other changes to contracting-out and other legislation as a result of the cessation of defined benefit contracting out, the fixed rate of revaluation for GMPs for members who leave pensionable service after 5 April 2017 is reduced from 4.75% to 3.5%.

[The Registered Pension Schemes \(Authorised Payments\) \(Amendment\) Regulations 2017](#) – allow for a 'pension advice allowance payment' (see [PATHways 73](#)) made by a registered pension scheme to a regulated financial adviser to be an authorised payment, subject to certain conditions being met.

[The Employers' Duties \(Implementation\) \(Amendment\) Regulations 2017](#) – make clear when the automatic enrolment duties apply to certain new employers (referred to as 'post-staging' employers) in 2017, and give such employers the option to defer automatic enrolment for up to three months (see [PATHways 73](#)).

[The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2017](#) – sets the automatic enrolment qualifying earnings band for the 2017/18 tax year. The earnings trigger is to remain the same.

[The Pension Protection Fund \(Modification\) \(Amendment\) Regulations 2017](#) – relate mainly to the introduction of the increased pension compensation cap for long service from 6 April 2017 (brought into force by [The Pensions Act 2014 \(Commencement No.10\) Order 2017](#)) but also increase the small lump sum limit for discharge of DC benefits from £2,000 to £10,000.

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