

Table of contents

Other titles from Claritax Books.....	iv
About the author.....	v
Abbreviations.....	vi

1. The tax benefits of registration

1.1	Overview	1
1.2	Statutory definitions of a pension scheme.....	2
1.3	Features of a registered pension scheme	5
1.4	Registration of pension schemes	6
1.5	Registration – transition in 2006.....	10
1.6	The benefits of registration	13
1.7	Disclosure of tax avoidance schemes	15
1.8	Key features	16
1.9	Terminology and FA 2004	25
1.10	Other categorisations.....	26
1.11	What makes pension schemes different from other forms of saving?	31
1.12	Death benefits	34
1.13	The approach of tax legislation.....	34
1.14	Schemes that are not registered.....	35
1.15	General tax and tax avoidance measures.....	37
1.16	Recent history	38
1.17	The state scheme and the pension credit	40

2. Contributions and input

2.1	Overview	46
2.2	The controls on input.....	46
2.3	The annual limit for relief	47
2.4	Employer contributions.....	64
2.5	The annual allowance	70
2.6	Input and defined benefit schemes	82
2.7	Input and input periods	85
2.8	Relationship between annual and special annual allowance	89
2.9	Taking all benefits	89
2.10	Carry-forward of allowance	89
2.11	Changes to the charge and the “scheme pays” facility	91
2.12	Input periods and planning	94
2.13	Changes to the annual allowance: 2015 summer Budget	95
2.14	Sacrificing remuneration.....	100
2.15	Recycling	103
2.16	AVCs and freestanding AVCs.....	104
2.17	<i>In specie</i> contributions.....	105

3. The lifetime allowance

3.1	Introduction.....	111
3.2	What the lifetime allowance is and how it works	112
3.3	Benefit crystallisation events	114

3.4	The value of scheme pensions.....	122
3.5	Separate lump sums	124
3.6	Cumulative use of the allowance.....	124
3.7	Retaining funds.....	124
3.8	Pre-6 April 2006 crystallisations	127
3.9	Overlap.....	129
3.10	Enhancing the lifetime allowance	132
3.11	Special occupations and the reduced lifetime allowance	139
3.12	Fixed and individual protection.....	139
3.13	Pension credits (dissolution of marriage).....	149
3.14	Drawdown pensions.....	150
3.15	Transitional protection	151
4.	Taxation of member benefits	
4.1	Pensions and lump sums as authorised payments	156
4.2	When can benefits be paid?.....	158
4.3	Early retirement due to incapacity.....	162
4.4	Special occupations.....	165
4.5	Taxation of pension	167
4.6	Scheme pensions.....	170
4.7	Pension annuities	177
4.8	Drawdown pensions.....	184
4.9	Capped drawdown.....	190
4.10	Temporary periods of non-residence	194
4.11	The benefits and drawbacks of drawdown.....	195
4.12	Lump sum benefits.....	200
4.13	Pension commencement lump sum: permitted maximum	203
4.14	Protected lump sums	205
4.15	Recycling	214
4.16	Retirement guidance	216
5.	Death benefits	
5.1	Background – authorised payments.....	218
5.2	Death benefits and the lifetime allowance	219
5.3	Available death benefits.....	225
5.4	Dependants	231
5.5	Dependants’ drawdown pensions	233
5.6	Drawdown for children: transitional protection.....	235
5.7	Dependants’ and other beneficiaries’ pensions: restrictions	238
5.8	Pension guarantees (terms certain)	242
5.9	Lump sum death benefits.....	244
5.10	Transitional protection issues.....	250
6.	Transfers and refunds	
6.1	Overview	257
6.2	What transfers are allowed?	265
6.3	Transfer of contracted-out rights and safeguards	266
6.4	Calculation of the transfer value	267
6.5	Member has enhanced or primary protection.....	269
6.6	Lump sum protection.....	270
6.7	Protected pension ages	273

6.8	Classification of registered pension schemes	273
6.9	Transfers to QROPS	274
6.10	Assignment of a policy.....	279
6.11	Pension Protection Fund	279
6.12	The nature of a transfer	279
6.13	Member rights.....	280
6.14	Three-month transfer values.....	281
6.15	Transfer deadlines	282
6.16	The right to a transfer value.....	282
6.17	Transfers and dissolution of marriage.....	283
6.18	Crystallised benefits	284
6.19	Pensions in payment	284
6.20	Direct payment to insurance company.....	289
6.21	Cooling off.....	289
7.	Pension scheme lump sums and authorised payments	
7.1	Lump sums as authorised payments	291
7.2	The pension commencement lump sum	292
7.3	Serious ill-health lump sum.....	299
7.4	The uncrystallised funds pension lump sum	301
7.5	Short service lump sum: occupational pension schemes	303
7.6	Refund of excess contributions lump sum	305
7.7	Trivial commutation lump sum	306
7.8	Winding-up lump sum	308
7.9	Lifetime allowance excess lump sum	309
7.10	Other small lump sums (“small pots”)	310
7.11	Scheme administration payments	316
7.12	Specific unauthorised payments	323
7.13	Unauthorised payments – tax.....	326
8.	Investments	
8.1	The purpose of investment.....	335
8.2	Main areas for consideration	336
8.3	Investment-regulated schemes.....	336
8.4	Benefits in kind.....	337
8.5	Loans from pension schemes.....	339
8.6	Borrowing.....	344
8.7	Equities	345
8.8	Value shifting.....	347
8.9	Taxable property	348
8.10	Employer finance.....	371
8.11	Flexibility of investment-regulated schemes (SIPP and SSAS).....	374
8.12	Transitional protection	376
8.13	SIPPs and the FCA.....	376
8.14	VAT and pension investments.....	378
8.15	Stamp duty.....	383
9.	International aspects and the lifetime allowance	
9.1	Scope of international aspects	385
9.2	Enhancing the lifetime allowance	385
9.3	Migrant member relief	391

9.4	What is a qualifying recognised overseas pension scheme?	398
9.5	Qualifying non-UK pension schemes (QNUPS).....	417
9.6	Double taxation agreements and tax relief.....	419
9.7	Tax charges and non-UK schemes	421
9.8	Lifetime allowance	423
10. Death benefits and inheritance tax		
10.1	Introduction.....	427
10.2	Pension schemes and IHT	429
10.3	Increased HMRC interest.....	430
10.4	The structure of a pension scheme	431
10.5	The IHT implications on pension funds	433
10.6	Lump sum death benefits.....	449
10.7	By-pass trusts.....	459
10.8	By-pass trusts: IHT implications after death of settlor	460
11. Transitional protection		
11.1	The need for transitional measures	470
11.2	Previous regimes: a summary	471
11.3	The transitional provisions	473
11.4	Primary protection.....	478
11.5	Enhanced protection	480
11.6	Lump sum protection.....	486
11.7	Valuing lump sum benefits at 5 April 2006	488
11.8	Occupational schemes – lump sum valuation.....	489
11.9	Enhanced protection: mixing the rules.....	491
11.10	Stand-alone lump sums and enhanced protection	491
11.11	Scheme-specific lump sums	493
12. Employer-financed retirement benefit schemes		
12.1	Background	505
12.2	The 2011 changes.....	506
12.3	EFRBS as third-party remuneration (Part 7A).....	507
12.4	Unfunded schemes.....	508
12.5	Transactions that generate liability	509
12.6	The <i>Finance Act 2017</i>	510
12.7	Employment income through third parties	510
12.8	The structure of the rules.....	511
12.9	Taxation of EFRBS since 6 April 2011.....	515
12.10	Transition.....	518
12.11	Excepted group life policies	519
Table of primary legislation		523
Table of statutory instruments		533
Index of cases		535
General index		537