

**PENSION SAVINGS SCHEMES AND DOUBLE TAXATION ARRANGEMENTS:
PROPOSED NEW CLAUSE IN FINANCE (No. 3) BILL**

The Government will bring forward a new clause in the Finance (No. 3) Bill to prevent tax avoidance through the interaction of relief for pension savings and the provisions of certain double taxation arrangements. The new clause will provide that, notwithstanding the terms of a double taxation arrangement with another territory, a payment of a pension or other similar remuneration may be taxed in the United Kingdom where:

- the payment arises in the other territory;
- it is received by an individual resident of the United Kingdom;
- the pension savings in respect of which the pension or other similar remuneration is paid have been transferred to a pension scheme in the other territory; and
- the main purpose or one of the main purposes of any person concerned with the transfer of pension savings in respect of which the payment is made was to take advantage of the double taxation arrangement in respect of that payment by means of that transfer.

In the event that tax is paid in the other jurisdiction, appropriate credit will be available against the UK tax chargeable.

This will have effect in relation to payments of pensions or other similar remuneration made on or after 6 April 2011.