

Pension Fund Pooling Scheme (PFPS)

A PFPS is an unauthorised unit trust where all the investors are approved UK or overseas pension funds. If it satisfies conditions set out in the PFPS regulations (SI 1996/1585) regarding the nature of the trust and its investments, then the special rules in section 469 ICTA and section 99 TCGA that apply to unauthorised unit trusts are set aside (SI 1996/1583 and SI1996/1585).

The effect of this is that income arising from the investments held by the scheme arises directly to the investors for tax purposes. This means that the trustees of the scheme do not deduct income tax from payments of scheme income to investors (as they would have to under section 469 ICTA) and that an overseas pension fund can make double tax treaty claims in its own right in respect of its share of the income arising from scheme investments.