

These Notes are to help you if you need to **amend** a return for a *Registered Pension Scheme for an Occupational Pension*

Important

The Registered Pension Scheme Return must be made online. Go to www.hmrc.gov.uk and select *Pension Schemes* under *do it online*. You can amend the return online too; it is quicker and easier to use our online service.

Completing form APSS301

But you can use form APSS301 if you prefer. Download it from our website and complete it by hand.

Please note: form APSS301 can only be used to make amendments to the return.

If you are the Scheme Administrator and you choose to complete form APSS301 by hand, complete the Declaration, even if the form is completed or submitted by a practitioner who has been authorised to act on your behalf.

On the form, complete each question in order. Tick Yes or No where asked to. When you tick Yes there may be supplementary questions in the same section. Do not leave them blank. Make an entry in each box, even if you have to enter '0' because that is what applies to you.

And you may have to tick No to some questions because they do not apply to you

More help

If you need to know more about a specific aspect of this return, you can look at the *Registered Pension Schemes Manual*. For this and other information about pension schemes, go to www.hmrc.gov.uk/pensionschemes

At the end of these Notes is a **Glossary**, which explains the terms we use.

Sending the completed form

Send the completed form to:
HM Revenue & Customs
Pension Schemes Services
FitzRoy House
Castle Meadow Road
Nottingham
NG2 1BD

Values you can use

If you are completing the return for accounting periods for which audited accounts have been prepared, use the value of assets and liabilities from the accounts.

If you are not completing the return by reference to accounting periods, use the asset values from the latest actuarial valuation of scheme assets before the end of the tax year, unless these values are no longer appropriate, in which case use a more appropriate value.

If audited accounts are not prepared, and no actuarial valuation was obtained, enter the total cost or the market value of scheme assets at the end of the year. If you use cost rather than market value, do the same for all later questions.

Where the date of acquisition of an asset is uncertain (for example, where the asset is acquired under a conditional contract) the accounting policy used in the accounts should be used to determine the date of acquisition.

1 Enter the tax year to which this return relates. For example, for the tax year 6 April 2005 to 5 April 2006, enter 2006.

2.1 This is the reference number we allocated to the scheme.

2.2 Enter the legal name of the scheme.

3 If the scheme does **not** have audited accounts and is preparing its return to 5 April but the return covers a period of less than a complete year, then treat this return as being for the year to 5 April and tick No to this question. This could occur where the scheme was newly registered after the previous 6 April.

If audited accounts have been prepared that cover accounting periods ending in the tax year to which the return notice relates, the period for which you should make the return is all of the accounting periods ending in the tax year shown on the notice.

If audited accounts have not been prepared, or if none cover accounting periods ending in the tax year to which the return notice relates, make a return for the tax year ended 5 April shown on the notice.

If audited accounts are prepared

The period covered by the return may, if audited accounts of the pension scheme have been prepared for any period or periods ending in the specified tax year, be the period or periods covered by the accounts.

Therefore, if audited accounts have been prepared for the pension scheme and those accounts end within the tax year to which the return relates then the period of the return is the period covered by the accounts. If more than one set of accounts is prepared and both end in the specified tax year then the period is the total period covered by those accounts.

Example 1

The audited accounting date is 31 October.

Audited accounts are prepared for:

- the year ended 31 October 2007
- the year ended 31 October 2008.

The periods for the returns are:

- the year ended 5 April 2008 - that is, the accounting period from 1 November 2006 to 31 October 2007
- the year ended 5 April 2009 - that is, the accounting period from 1 November 2007 to 31 October 2008.

On 1 November 2008, the audited accounting date is changed to 31 December.

Audited accounts are prepared for:

- the 14 months ended 31 December 2009
- the year ended 31 December 2010.

The periods for the returns are:

- the year ended 5 April 2010 - that is, the accounting period from 1 November 2008 to 31 December 2009
- the year ended 5 April 2011 - that is, the accounting period from 1 January 2010 to 31 December 2010.

Example 2

Audited accounts are prepared for:

- the year ended 31 October 2008
- the two months ended 31 December 2008
- the year ended 31 December 2009
- the year ended 31 December 2010.

The periods for the returns are:

- the year ended 5 April 2009 - accounting period from 1 November 2007 to 31 October 2008 **and** accounting period from 1 November 2008 to 31 December 2008.
- the year ended 5 April 2010 - accounting period from 1 January 2009 to 31 December 2009
- the year ended 5 April 2011 - accounting period from 1 January 2010 to 31 December 2010.

If audited accounts are NOT prepared

If audited accounts have not been prepared the period to be covered by the return is the period specified in the notice. This will normally be the year to 5 April.

Example 3

Accounting year ended 31 October.

Accounts (not audited) are prepared for:

- the year ended 31 October 2007
- the year ended 31 October 2008.

A return is required for the year ended 5 April 2008.

The return should reflect the **actual transactions** during the period from 6 April 2007 to 5 April 2008.

- 3.1 Enter the number of accounting periods covered by this return.
- 3.2 Enter the start and the end date of each accounting period covered. Continue on a separate sheet if you need to.
- 4 Calculate the total amount arrived at by adding together the scheme's incomings and the scheme's outgoings, to see if the total is greater than £100,000.

If the total of the income and expenditure is greater than £100,000, tick Yes and complete boxes 4.1 to 4.6, entering '0' where appropriate.

If the total of the income and expenditure is £100,000 or less, tick No and enter the amount in the box provided.

Boxes 4.1, 4.2 and 4.6 include the most common types of incoming payments.

Boxes 4.3 to 4.5 include the most common types of outgoing payments.

For incomings

- in box 4.1 enter pension contributions from all sources, including relief at source payments
- in box 4.2 enter transfer payments received from other pension schemes
- in box 4.6 enter capital sums borrowed during the period covered by the return
- in box 4.7 (see note below) enter:
 - the total amount received as repayment for loans made by the scheme
 - the total of other sums received which you have not entered in boxes 4.1 to 4.6, unless excluded below.

Do **not** count:

- receipts from the sale of assets
- investment income, and any corresponding tax repayments.

Where the total to be entered in this box is less than £1,000 the details do not need to be included and the box should be left blank.

For outgoings

- in box 4.3 enter transfer payments or the valuation of transfers of assets made to other pension schemes
- in box 4.4 enter lump sum payments and lump sum death benefit payments
- in box 4.5 enter amounts paid to an insurance company to purchase either
 - a lifetime annuity, or
 - scheme pension.
- In box 4.7 (see note below) enter:
 - repayments of sums borrowed (both capital sums and payments of interest), and
 - other sums paid, unless excluded below.

Do **not** count:

- pensions in payment
- purchases of assets.

Where the total to be entered in this box is less than £1,000 the details do not need to be included and the box should be left blank.

Example 4

ABC Pension Scheme has the following incomings and outgoings in the year ended 5 April 2009.

Pension contributions		£55,000
Investment income		<u>£10,000</u>
Total incomings		£65,000
Lump sum benefit payment	£40,000	
Payment of pensions	<u>£24,000</u>	
Total outgoings	£64,000	

Not all of these figures are to be taken into account in arriving at an aggregate of incomings and outgoings. The amounts to apply are £55,000 + £40,000 to produce an aggregate of £95,000. So, in this case, tick No because this total is not greater than £100,000.

- 4.7
 Where you have incomings or outgoings that you have not entered in boxes 4.1 to 4.6, enter them in box 4.7 with a brief explanation. Your explanation must not exceed 150 characters. However, where the total to be entered in this box is less than £1,000, the details do not need to be included and box 4.7 can be left blank.
- 5
 This question is about the value of the pension scheme's assets. Calculate the total value of the scheme's assets, less all the liabilities apart from pension liabilities. The term 'pension liabilities' includes all current and future obligations to pay pensions, including things like alternatively secured pensions, income drawdowns and crystallised benefits that have not yet come into payment.

Example 5

ABC Pension Scheme has the following assets and liabilities at 5 April 2009.

Assets	Scheme property	£500,000
Liabilities	Outstanding borrowings	£200,000
	Pension liabilities	£290,000

The Scheme Administrator should include a figure of £300,000. (£500,000 - £200,000 = £300,000; the £290,000 is not taken into account).

Example 6

CDE Pension Scheme has the following assets and liabilities at 5 April 2009.

Assets	Scheme property	£800,000
Liabilities	Outstanding borrowings	£200,000
	Pension liabilities	£290,000

The relevant figure is £600,000 (£800,000 - £200,000 = £600,000; the £290,000 is not taken into account).

Tick Yes if, at the end of the return period, the scheme had assets less liabilities with a total value greater than £400,000.

Tick No if, at the end of the return period, the scheme had assets less liabilities with a total value equal to or less than £400,000 and enter the amount in the box provided.

6 Tick Yes if assets have been owned during the period, and those assets were acquired from any of the persons listed below. This includes assets that were acquired before the start of the return period. The term 'assets' includes loans made by the scheme.

'Persons specified' can be:

- *A sponsoring employer or any person connected with that employer.*
The terms 'sponsoring employer' and 'connected with' are explained in the Glossary.
- *A person who was*
 - *a director of a close company that is also a sponsoring employer, or*
 - *a person who is connected to such a director.*
- *A person who was*
 - *a sole owner of a business that was a sponsoring employer, or*
 - *a partner in a business that was a sponsoring employer, or*
 - *a person connected with the sole owner or partner.*
- *A member or person connected with a member.*
This includes the scheme's:
 - active members
 - deferred members
 - pensioner members, or
 - pension credit members.

If, exceptionally, it is not known where the asset was acquired from, answer this question to the best of your judgement.

Questions 7 (shares), 8 (land), 9 (loans) and 10 (other assets) ask for details of assets acquired from 'connected parties' that were held at any time during the return period, whenever they were acquired.

Questions 11 (cash) and 12 (other assets) ask for details of all assets that were held at any time during the return period, which have not been included in questions 7 to 10.

7.6 Include all consideration received, in whatever form. Where you receive consideration in the form of shares or other assets value that consideration, and include the market value of the consideration received.

7.7 For more information on the term 'connected parties', see the definition of 'connected with' in the Glossary.

7.9 Enter the name as registered for the purposes of the Companies Act.

8 Include land or an interest in land owned during the return period, even if it was acquired before the start of the return period. 'Land' includes houses and other buildings. An interest in land can include both a freehold and a leasehold interest, and jointly held interests. It is not limited to land and buildings in the UK.

Where there has been expenditure on improvements, this will be reflected in the market value of the asset, and should be added to the costs where property is shown at cost.

8.2 Look at the Glossary at the end of these Notes for a definition of 'premium'.
and Do not include rental payments in this box.

8.3

8.4 Include all disposals and part disposals of land. The creation of a lease may be a part disposal of land, and, where it is, this should be included. For the purpose of this question treat a lease granted at a full rent as a disposal for consideration. In those circumstances **do not** complete box 8.4.

8.4 The date at which you need to consider whether a disposal has been made to a 'connected' person is the date of disposal of the land or interest in land. Look at the Glossary for a list of connected persons.

8.7 Tick Yes if the scheme holds residential property that is taxable property unless it is transitionally protected.

9 The term 'amounts outstanding' means capital sums owing under the terms of the loan, together with any interest or other charges due, but remaining unpaid.
The date at which 'connected with' is relevant is the date the loans were made.

9.1 The total amount outstanding at the end of the period includes any loans made before the start of the return period.
If a loan is succeeded by another loan, treat the original and the new loans as separate loans.

Example 7

Note: the figures used here are to show how to complete the return; they should not be treated as indicating commercial figures.

XYZ Pension Scheme is making a return for the year ended 5 April 2008.

In the year ended 5 April 2007, XYZ Pension Scheme had made a five-year loan (Loan 1) of £50,000 to XYZ Ltd, the sponsoring employer. The terms of the loan provide for interest of £2,000 each year.

At the start of the year ended 5 April 2008, XYZ Pension Scheme made a separate five-year loan (Loan 2) to XYZ Ltd, of £25,000 with interest of £1,000 each year.

In the year ended 5 April 2007, XYZ Ltd made the following payments:

- £10,000 capital on Loan 1, and
- £2,000 interest on Loan 1.

In the year ended 5 April 2008, XYZ Ltd made the following payments:

- £10,000 capital on Loan 1
- £2,000 interest on Loan 1
- £5,000 capital on Loan 2, and
- £1,000 interest on Loan 2.

Tick Yes to question 9.

In box 9.1 the amount to be entered is made up of:

- £30,000 capital on Loan 1 (original loan of £50,000, less two repayments of £10,000 each)
- £20,000 capital on Loan 2 (original loan of £25,000, less one repayment of £5,000)

so enter £50,000.

In box 9.2, enter £25,000 (the amount of Loan 2, made in the year).

In box 9.3 the amounts are £10,000 for Loan 1 and £5,000 for Loan 2 so enter £15,000.

In box 9.4 the amounts are £2,000 for Loan 1 and £1,000 for Loan 2 so enter £3,000.

- 10** Include assets owned at any time during the return period, even if they were acquired before the start of it.

The date at which 'connected with' is relevant is the date the assets were acquired.

- 10.1** Do not include details of any assets used for normal administrative purposes of the pension scheme, such as office premises and equipment or motor vehicles used by administrative staff employed by the scheme.

- 10.2** Tick the appropriate boxes to describe the assets acquired. Where more than one box applies to an asset, tick the first box that applies. For example, an asset could be a form of transport, plant and machinery, and tangible moveable property. The first relevant box is 'Forms of transport' so you only need to tick that box.

Look at the Glossary at the back of these Notes for information on:

- forms of transport other than private motor vehicles
- plant and machinery
- fixtures and fittings
- quoted shares
- unquoted shares
- tangible moveable property
- insurance company investments.

The list contains the most common types of assets. It is not exhaustive. If the type of asset does not fall into one of the categories shown, tick 'Other' and enter a brief description.

- 10.7** The date at which 'connected with' is relevant is the date of the disposal of the asset(s). Look at the Glossary at the back of these Notes for a definition of 'premium'.
- 11** Account balances include interest credited to those accounts. If you are completing the return for accounting periods for which audited accounts have been prepared, show the adjusted opening and closing balances as they appear in the scheme accounts.
- 11.1** Enter the total balance, taking all accounts into account. Where an account is overdrawn this will reduce the total, and if the overall figure is a minus figure enter '0'.

Example 8

MNO Pension Scheme had the following balances at 5 April 2008:

Cash	£250
Current account (overdrawn)	- £3,250
Deposit account	£4,000

Enter £1,000 at box 11.1.

Example 9

PQR Pension Scheme had the following balances at 5 April 2008:

Cash	£250
Current account (overdrawn)	- £5,250
Deposit account	£4,000

Enter '0' at box 11.1 because the overall total is a minus figure.

- 11.3** Include the aggregate of all interest credited to bank accounts. Do not reduce it by any interest paid on overdrawn accounts.
- 12** Include details of all assets acquired by the scheme that have not already been entered at question 7 to question 11.
Where assets are managed by a third party (for example, a stockbroker) the return must reflect the legal ownership of the assets. If the assets are owned by the pension scheme then the full details of the underlying assets must be included, rather than the total value of the managed investment.
- 12.1** Include assets owned any time during the return period, even if they were acquired before the start of it.

- 12.2 Where an asset could be included under more than one heading, tick the first box that applies to the asset. For example, an asset could be a form of transport, plant and machinery, and tangible moveable property. The first relevant box is 'Forms of transport' and you only need to tick this box for this asset.

Look in the Glossary at the back of these Notes for information on:

- forms of transport other than private motor vehicles
- plant and machinery
- fixtures and fittings
- quoted shares
- unquoted shares
- tangible moveable property
- insurance company investments.

This list contains the most common types of assets but it is not exhaustive. If the type of asset does not fall into one of the categories shown, tick 'Other' and enter a brief description.

Include loans unless they have already been included at question 9.

For the supplementary question on land tick Yes if the scheme holds residential property that is taxable property unless it is 'transitionally protected' - this is explained in the Glossary.

'Land' includes houses and other buildings. An interest in land can include both a freehold and a leasehold interest, and jointly held interests. It is also not limited to land and buildings in the UK.

- 12.4 Include details of all assets disposed of by the scheme which have not already been entered at boxes 7 to 11.

- 12.5 Tick the appropriate boxes to describe the assets.

Where an asset could be included under more than one heading, tick the first box that applies to the asset. For example, an asset could be a form of transport, plant and machinery and tangible moveable property. The first relevant box is 'Forms of transport' and you only need to tick this box for this asset.

Look at the Glossary for help with:

- forms of transport other than private motor vehicles
- plant and machinery
- fixtures and fittings
- quoted shares
- unquoted shares
- tangible moveable property
- insurance company investments.

This list contains the most common types of assets but it is not exhaustive. If the type of asset does not fall into one of the categories shown, tick 'Other' and enter a brief description.

Include loans unless they have already been included at question 9.

For the supplementary question on land tick Yes if the scheme disposed of residential property that is taxable property unless it is 'transitionally protected'. This is explained in the Glossary.

Where the creation of a lease is a part disposal of an asset, it should be included in the details of assets disposed of.

12.6 Include all considerations received, in whatever form. Where you receive consideration in the form of shares or other assets value that consideration and include the market value of the consideration received.

12.7 The date at which 'connected with' is relevant is the date of the disposal of the assets.

'Disposal' may include the granting of a lease.

13 Consider each of the declarations carefully. Tick each box to show that you have done so. By ticking these boxes you are confirming that:

- the information you have provided is correct and complete, and
- you understand the consequences of making a false statement in the return.

Sign and date the form, otherwise it will be returned to you as incomplete. You will not be considered to have submitted an amendment to the return to HMRC.

Glossary

Associate

An associate of a person is:

A a person in any of the following relationships to the person:

- (i) husband or wife, or civil partner
- (ii) a relative (the term 'relative' is explained in the Glossary)
- (iii) partner in a partnership.

Separated spouses are regarded as associated with each other but divorced persons are not.

B the trustee or trustees of any settlement in relation to which the person (or any relative of theirs - living or dead - within A (i) to (iv)) is or was a settlor.

C where the person is interested in any shares or obligations of a company that are subject to any trust or are part of the estate of a deceased person, the trustees of that trust or the personal representatives of the deceased.

For more information look at the guidance in the Company Taxation Manual at pages CTM60150 to 60170.

Associated persons

For the purpose of these *genuinely diverse commercial vehicle* tests associated persons in relation to the pension scheme means:

- any member of the pension scheme
- any person connected with such a member
- any arrangement (under that or another pension scheme) relating to a member of the pension scheme
- any arrangement (under that or another pension scheme) relating to a person connected to such a member
- any associated pension scheme. A pension scheme is associated with another pension scheme if members representing at least 10% by value of one pension scheme are members of the other pension scheme or connected with such members.

Close company

A close company is defined at Section 414 Income and Corporation Taxes Act 1988, and is broadly a company whose assets are controlled by five or fewer participators. For more information look at the guidance in the Company Taxation Manual starting at page CTM60060.

Company Taxation Manual (CTM)

This is published at www.hmrc.gov.uk/manuals/ctmanual/index.htm

Connected with

Connected with has the same meaning as in Section 993/4 Income Tax Act 2007. Some of the more common connections are as follows.

- Person connected with a sponsoring employer.
If the sponsoring employer is a company, a person is connected to that employer if that person has control of the company or if that person, together with another person or persons connected to him or her, has control of the company.
If the sponsoring employer is an individual or a partnership, a person is connected to the employer if they are connected to that individual or any one or more partner(s).
- An individual 'Y' is connected with another individual 'Z' if:
 - Y is Z's spouse or civil partner
 - Y is a relative of Z (the term 'relative' is explained in the Glossary)
 - Y is the spouse or civil partner of a relative of Z
 - Y is a relative of Z's spouse or civil partner
 - Y is the spouse or civil partner of a relative of Z's spouse or civil partner.
- Person 'Y' is connected with a company if:
 - Y has control of the company, or
 - Y, together with their connected persons, has control of the company.
- A company is connected with another company if:
 - the same person has control of both companies
 - Y has control of one company, and persons connected with Y have control of the other company
 - Y has control of one company, and Y together with persons connected with Y have control of the other company.
- A partner in a partnership is connected with:
 - any partner in the partnership
 - the spouse or civil partner of any individual who is a partner in the partnership
 - a relative of any individual who is a partner in the partnership.
- A person, in the capacity of trustee of a settlement, is connected with:
 - any individual who is a settlor of the settlement,
 - any person who is connected with such an individual, and
 - any close company whose participators include the trustees of the settlement.

Control of a company

Control has the meaning given to it in Section 416 Income and Corporation Taxes Act 1988. Broadly a person has control of a company if they exercise, are able to exercise or are entitled to acquire direct or indirect control over the company's affairs, commonly by possessing the greater part of the company's share capital or its voting power. For more detail see the guidance in the Company Taxation Manual starting at page CTM60100.

Controlling director

Controlling director means a director to whom paragraph (b) of Section 417(5) Income and Corporation Taxes Act 1988 applies and is a director who, either on their own or with one or more associates beneficially owns or is able to control, directly, indirectly or through other companies, 20% or more of the ordinary share capital of the company. The expression 'with one or more associates' means that a person is treated as owning or, as the case may be, controlling, what any associate owns or controls, even if he or she does not own or control any share capital.

Direct interest

Direct interest is where an investment regulated pension scheme directly holds property interests whether jointly, in common or alone. In other words where the property is held by the pension scheme rather than indirectly through a vehicle (such as a company). See RPSM07109210.

Director

The meaning of director is defined at Section 417(5) Income and Corporation Taxes Act 1988 and is broadly:

- any person occupying the position of director by whatever name called
- any person in accordance with whose directions or instructions the directors are accustomed to act
- any person who is a manager or concerned with the management of the company and is a controlling director.

For more detail see the guidance in the Company Taxation Manual at page CTM60180.

Fixtures and fittings

This includes other internal fittings that are not plant or works of art.

Forms of transport other than private motor vehicles

Forms of transport include:

- rail rolling stock
- aircraft
- watercraft.

Motor vehicles include:

- all road vehicles
- tractors, but does **not** include
- construction plant such as mechanical excavators.

Genuinely diverse commercial vehicle

There are three categories of genuinely diverse commercial vehicle, UK REITs, other kinds of vehicle and trading concerns (see Glossary definitions).

Indirect interest

A taxable property asset should be regarded as taxable property indirectly held by a pension scheme if the scheme is an investment-regulated pension scheme, and the asset is treated as held indirectly other than through a genuinely diverse commercial vehicle.

An indirect interest in taxable property can be held through a wide variety of types and sizes of vehicles or structures. 'Vehicle' means a person through which the pension scheme holds the interest in the property including:

- collective investment schemes
- unit trust schemes
- unauthorised unit trusts
- exempt unauthorised unit trusts
- open-ended investment companies
- closed-ended companies
- investment trust companies
- insurance policies and contracts
- trusts
- depository interests, and
- exchange traded funds.

Indirectly own

In this return 'indirectly own' means that there is an indirect interest in a taxable property asset, or if it is not a taxable property asset, an asset should be regarded as indirectly owned by the pension scheme if it meets the following tests.

- a) The pension scheme is an investment regulated pension scheme.
- b) On the assumption that the asset was taxable property, it would be treated as being indirectly held by the pension scheme using the assumption in c) below.
- c) The assumption is that the financial vehicle owning the property (or any vehicle in a chain of ownership) has as its main activity the carrying on of a trade, profession or vocation.

In short this means that, for a pension scheme that is not an occupational pension scheme, an asset is indirectly owned if it is held by a financial vehicle (or a chain of vehicles) that is controlled by the arrangement(s) of a scheme member on their own or together with associated persons. Or, if the financial vehicle is a company, a member or a person connected to the member is a controlling director of that company.

Insurance company investments

In this return 'insurance company investments' mean, for example, executive pension plan policy, trustee investment plan, insurer's managed funds.

Investment regulated pension scheme*Main test*

For occupational pension schemes an investment regulated pension scheme is one which has at least one member who meets the self-direction condition, and where there are fewer than 50 members.

The self-direction condition is met if the member is or has been able (whether directly or indirectly) to direct, influence or advise on the manner of investments held for the purposes of the scheme. It also applies where the condition is satisfied by a person related to the member.

Alternative test

Where, the scheme is an occupational pension scheme that is not itself an investment regulated pension scheme under the main test, if one or more of its members (or a person related to a member) is or has been able (whether directly or indirectly) to direct, influence or advise on the manner of investments linked to an arrangement under the scheme relating to the member that arrangement is treated as if it is an investment regulated pension scheme

Land or interest in land

Land includes buildings, for example, houses, offices and factories. It is all land and buildings including, for example, residential, commercial, agricultural, forestry. Tick the relevant box at 7.7 and 8.7 to indicate whether any part of the land or interest in land includes residential property as defined in Schedule 29A of Finance Act 2004. Look at the definition in the Glossary.

Lifetime annuity

An annuity contract purchased under a money purchase arrangement from an insurance company of the member's choosing that provides the member with an income for life, and which meets the conditions imposed through paragraph 3, Schedule 28 to the Finance Act 2004.

Loans

Do not include the purchase of or subscription to debentures, debenture stock, loan stock, bonds, certificates of deposit or other documents creating or acknowledging indebtedness that are listed or dealt with on a recognised stock exchange or offered to the public.

Where a guarantee of a loan is made the amount of the loan is the amount guaranteed.

Lump sum death benefits payments

For information on Lump sum death benefits payments, see RPSM10105000 in the Registered Pension Schemes Manual.

Lump sum payments

For information on lump sum payments, see RPSM09104000 in the Registered Pension Schemes Manual.

Participator

'Participator' in relation to a company has the meaning given to it in Section 416 Income and Corporation Taxes Act 1988 and is broadly a person having a share or interest in the capital or income of the company and can include a loan creditor. For more information see the guidance in the Company Taxation Manual at page CTM60107.

Person

'Person' includes an individual, a company, a partnership, and a trustee of a settlement.

Plant and machinery

This includes:

- industrial machinery
- construction plant
- agricultural machinery (except tractors).

Premium

A premium is a lump sum paid in connection with the granting of a lease or tenancy.

Quoted shares

Quoted shares are those listed by a recognised stock exchange.

The definition of a recognised stock exchange is given in Section 841 Income and Corporation Taxes Act 1988. It includes the London Stock Exchange and any such stock exchange outside the UK as designated in an Order of HM Revenue & Customs Executive Committee. The list can be viewed at <http://www.hmrc.gov.uk/fid/table1-rse.pdf>

Registered Pension Scheme Manual (RPSM)

This is published at www.hmrc.gov.uk/pensionschemes

Relative

A relative is:

- a parent, grandparent, great grandparent, or any more distant ancestors
- a child, grandchild, great grandchild, or any more distant descendants
- a brother or sister.

Brothers and sisters should be regarded as associated only if there is a blood relationship. For example, half-brothers are associated but stepbrothers are not.

Residential property

Residential property is broadly a building or structure that is used (or is suitable for use) as a dwelling, and any related land.

Most residential property is taxable property, although there are some specific exceptions. For example, care homes, hospitals, prisons, most hotels.

Another exception is where the property is occupied by a person who is not a connected party in connection with an employment or business. For example, a caretaker's flat, or a flat above a shop that is leased from the scheme with the shop, where the flat is occupied by an unconnected trader who is trading from the shop.

More precise definitions of residential property (and taxable property) can be found in the Registered Pension Schemes Manual starting at page RPSM07109000.

Residential property as defined in Schedule 29A of Finance Act 2004

This is residential property, held directly or indirectly by an investment regulated pension scheme, that is taxable property unless it is transitionally protected or held indirectly through a genuinely diverse commercial vehicle.

Sponsoring employer

A sponsoring employer is:

- the employer (or employers) who established the scheme to provide benefits for their employees in respect of their employment with the employer, or
- any employer whose employees have benefits provided under the scheme in respect of their employment with that employer.

Tangible moveable property

In this return tangible moveable property is all types of thing that you can touch and move but excluding anything already included under other boxes like plant and machinery. It includes jewellery, fine wine, works of art, for example, paintings, sculptures, ceramics, ancient artefacts, antique furniture, household items, for example, furniture, electrical items (for example, fridges, cookers), bedding, carpets, curtains. It also includes private motor vehicles. This is not a definitive list; generally this term includes all types of thing you can touch and move.

Where an item is specifically excluded from 'tangible moveable property' (for example, investment grade gold bullion) the asset should be entered in the 'Other' box, with a description.

Taxable property

Taxable property is assets that are either residential property or tangible moveable property. It applies to interests held by the scheme directly or indirectly.

Tangible moveable property for this purpose means everything within these Glossary terms:

- forms of transport other than private motor vehicles
- plant and machinery
- fixtures and fittings, and
- tangible moveable property.

Transitionally protected

Transitionally protected residential property is broadly any property acquired before 6 April 2006, provided the scheme was permitted to hold that property under the rules then applicable.

Trading concerns

Trading concerns are vehicles that are arm's length trading vehicles. There are four conditions to be met.

- The vehicle's main activity is the carrying on of a trade, profession or vocation.
- The pension scheme, either alone or together with associated persons, does not have control of the vehicle.
- Neither a pension scheme member nor a person connected to such a member is a controlling director of the vehicle or any other vehicle that holds an interest in the vehicle directly or indirectly.
- The pension scheme does not directly or indirectly hold an interest in the vehicle for the purposes of enabling a pension scheme member or a connected person of such a member to occupy or use the property.

Unquoted shares

This includes any shares in companies not listed by a recognised stock exchange.

UK REITs

A UK REIT is a company to which Part 4 of Finance Act 2006 (UK Real Estate Investment Trusts) applies, or a member of a group to which that part applies. The pension scheme must not directly or indirectly hold an interest in the UK REIT for the purposes of enabling a member of the pension scheme or a connected person of a member to occupy or use the property. Also for a registered pension scheme that is not an occupational pension scheme the interest in the UK REIT of an arrangement under the pension scheme, together with associated persons, must be less than 10%.

Vehicle, other kinds of vehicle

To be regarded as 'other kinds of vehicle' a vehicle needs to meet the three conditions set out below. Broadly speaking, the pension scheme, together with associated persons, directly or indirectly own 10% or less and there is no right to have private use of any taxable property.

The conditions are as follows.

Condition 1

A The total value of the assets held directly by the vehicle is at least £1 million, or

B the vehicle holds at least three assets directly that are residential property, and in either of these cases

no asset held directly by the vehicle that is taxable property has a value exceeding 40% of the total value of the assets held directly.

In applying A and B:

- assets must be valued in accordance with generally accepted accounting practice
- no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically), and
- where generally accepted accounting practice offers a choice of valuation between cost basis and fair value, fair value must be used.

Condition 2

If the vehicle is a company:

- it is resident in the UK, and
- is not a close company, or
- it is not resident in the UK and would not be a close company if it were resident in the UK.

Condition 3

The vehicle does not have as its main purpose, or one of its main purposes, the direct or indirect holding of an animal(s) used for sporting purposes.