

"The text below consists of proposed amendments to the Registered Pension Schemes Manual, resulting from changes made by the Finance Bill 2008. As the Finance Bill has not yet received Royal Assent there can be no certainty about the final form of the legislation. The guidance is currently being developed in collaboration with customers in the [Shared Workspace](#) (RPSM public room) and may yet change. The text published here is work in progress. The final version of the guidance will be published after the Bill receives Royal Assent and will be in the form of changes to the Registered Pension Schemes Manual. This draft will then be withdrawn."

RPSM07109050 – Technical pages: Investments: Taxable property: Meaning of taxable property: Investment regulated pension scheme

Investment regulated pension scheme

[Paras 1-5 Schedule 29A FA04]

There are separate tests for occupational pension schemes and other schemes.

For non occupational pension schemes an investment regulated pension scheme is one where one or more of its members is or has been able (whether directly or indirectly) to direct, influence or advise on the manner of investments held for the purposes of an **arrangement** under the scheme relating to the member. It also applies where the condition is satisfied by a person related to the member.

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.

(Originally the legislation also provided that occupational pension schemes with more than 49 members, but where at least 10% of members met the self-direction condition, were also classed as investment regulated pension schemes. However this 10% rule was withdrawn by FA08, the removal taking effect retrospectively from 6th April 2006.)

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.

A further category of occupational pension scheme can generate an investment regulated pension scheme. This is where,

- the scheme is an occupational pension scheme that is not itself an investment regulated pension scheme,
- 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.

In that case that arrangement is treated as if it is an investment regulated pension scheme. This is to prevent large occupational schemes setting up separate sections that allow particular classes of members to direct that their funds are invested in taxable assets.

For the purposes of the above investments are linked to an arrangement relating to the member if

- they are held for the purposes of an arrangement under the pension scheme relating to the member, but
- they are so held other than by virtue of a just and reasonable apportionment of the sums and assets held for the purposes of the scheme.

So rather than simply being an apportionment of the collective assets held for all of the scheme these are specific assets held just for the member's arrangement.

Alternatively this will also include a pool of assets held for a limited number of arrangements where those arrangements effectively form a separate section of the scheme designed to allow investments in residential property.

For each of these three categories of scheme, persons are related to the member if

- the person and the member are **connected persons**,
- the person acts on behalf of the member or a person connected with a member.

Connected person means as defined in section 993 ITA2007 (formerly s.839 of the Taxes Acts), see [RPSM07103180](#).

Glossary ([RPSM20000000](#))
