

Pensions Update

No 151

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Please pass a copy of this Update to everyone in your organisation who needs to see it. The category of schemes covered by this Update is shown below. Italicised terms are explained in the glossary at the end.

Category:	Overseas pension schemes
Action:	Note that procedure for claiming “corresponding” relief will change on 6 April 2005. However, the old procedure can be followed up to 6 May 2005.
Current Position:	Agents of members of overseas pension schemes claiming relief on contributions under sections 355 & 390 ITEPA 2003 send a completed self-certificated application form PS3008, together with form PS 3008(UA) or (UB) if necessary, to IR SPSS for consideration.
Summary:	This Update introduces a revised procedure for claiming tax relief. The PS3008 is being shortened and will only have to be sent to IR SPSS to obtain confirmation that an overseas scheme corresponds to a UK approved pension scheme.
Enquiries:	0115 - 9741699 – Ray Evans. 0115 - 9741639 – John Lovatt.

U 151: Revised Procedure for Claiming Tax Relief on Contributions to Overseas Pension Schemes (Corresponding Relief)

Current Procedure:

1. IR SPSS is responsible only for deciding whether or not an overseas scheme corresponds to a UK approved pension scheme. However, as part of the general corresponding relief claims procedure, a form PS3008 has to be submitted to IR SPSS in respect of each member of an overseas scheme who is claiming relief on contributions.
2. A completed PS 3008 provides IR SPSS with a declaration that the scheme corresponds, some information about the scheme and various details about the member. An undertaking must also be submitted with each PS3008 if the overseas pension scheme rules allow members to obtain an in-service loan or withdrawal of all or part of their share of the scheme funds. Members and scheme administrators have to give the required undertaking on form PS3008(UA) or PS3008(UB)
3. If IR SPSS accepts that a scheme corresponds and that a member is eligible for relief it writes to the person who submitted the PS 3008 and to the member’s tax office to notify them of that.

New Procedure:

4. From 6 April 2005 a form PS 3008 will only need to be sent to IR SPSS in order to obtain acceptance that an overseas scheme corresponds to a UK approved pension scheme for the purposes of sections 355 and 390 ITEPA 2003. Any other information in support of a scheme member's claim for relief on contributions should be sent to the claimant's tax office.
5. The form PS3008 is therefore being amended so that only the declaration that the scheme corresponds, supporting information, and the name(s) and reference(s) of the tax office(s) dealing with the tax affairs of UK based- members have to be provided to IR SPSS.
6. An amended PS 3008 is available on the Inland Revenue website. Part 15.18 of PN has been amended to reflect the revised procedures.
7. If the scheme is considered satisfactory for corresponding purposes, IR SPSS will formally notify the applicant and tax office(s) that the scheme has been accepted as a corresponding scheme under the provisions of sections 355 and 390 ITEPA. A unique reference number in the SF74/ series will be allocated to the scheme in question.
8. A member, or his/her agent, should make a claim for tax relief on contributions when submitting a SA return to the relevant tax office. The SA return should show in the notes space of the employment return the SF74/ unique number. Where a scheme has been formally accepted for corresponding relief purposes before 6 April 2005, a member or agent claiming relief should quote the SF74/ reference that will have been given on the IR SPSS letter of acceptance. The guidance in SA Helpsheets IR212 or IR211 should be followed when making the claim. As under the current procedure, the member and the scheme administrator must sign a PS3008(UA) or PS3008(UB) undertaking where appropriate.
9. Relief on contributions can be obtained provisionally during the course of the year. Where the employer does not operate an **EPM** Appendix 6 PAYE agreement, in-year relief can be claimed via the employee's PAYE code by providing the following information:
 - the SF 74/ unique reference number
 - a statement that the claimant is not UK-domiciled
 - a statement that the employer is not UK resident or, in the case of a UK resident employee, Irish resident
 - a signed undertaking PS3008 (UA) or PS3008(UB) where appropriate
 - the amount of the monthly pension contributions

Conditions for claiming corresponding relief:

10. In addition to the member's scheme having been accepted as corresponding to a UK approved pension scheme, the member must be non-UK domiciled, and employed by an employer that is not UK resident or, in the case of a UK resident employee, Irish resident.
11. The amount claimed must be within the limit of 15% of the member's UK chargeable earnings. If the member joined the scheme after 1 June 1989 those earnings must be restricted to the "earnings cap" (£105,600 in the 2005/2006 tax year) for the purpose of that calculation.

Pensions Simplification:

12. Schedule 33 to the Finance Act 2004 provides for migrant member relief to replace corresponding relief with effect from 6 April 2006. The migrant member relief conditions will be different to those that have to be met for corresponding relief. A new procedure will be devised for claiming migrant member relief in 2006/07 and subsequent years. Those who are in receipt of

corresponding relief in 2005/06 may be able to claim such relief subsequently under paragraph 51 of schedule 36 to the Finance Act 2004.

Glossary

EPM - Employee's Procedural Manual

IR SPSS - Inland Revenue Savings, Pensions, Share Schemes

ITEPA - Income Tax (Earnings & Pensions) Act 2003

PN - Practice Notes (IR12(2001))

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