



Important Information

Addendum April 2017

Suspension of transfers of assets in lieu of a cash contribution

Current pensions legislation has been interpreted by HM Revenue & Customs (HMRC) to mean that only contributions made in the form of cash, into a registered pension scheme, are eligible for tax relief. This means, for example, that a contribution of £1,000 worth of shares directly in to a pension scheme will not be eligible for tax relief. It is, however, possible to agree payment of a cash contribution by creation of a legally binding debt and, separately, for the trustees of the pension scheme to agree to purchase an asset of equivalent value. An agreement can then be made to offset the cash contribution debt by transfer of the asset. This process is commonly referred to as an in specie contribution.

Rowanmoor, together with many other small self-administered scheme providers and self-invested personal pension operators, has for many years permitted the payment of in specie contributions to its registered pension schemes. Tax relief has been granted on in specie contributions, provided the above process has been adhered to, which is in line with HMRC's Pensions Tax Manual.

Following an industry wide meeting it is apparent that the validity of the payment of pensions tax relief, on in specie contributions, has recently been called into question by HMRC and we understand all claims for tax relief on in specie contributions made since April 2016 have been refused. Discussions are in progress, between our industry trade body, the Association of Member-directed Pension Schemes (AMPS), and HMRC in relation to this issue. It is hoped that a clear understanding can be obtained as to HMRC's reasons for refusing tax relief on transfers of assets in lieu of cash contributions and any issues can be resolved, so that we can have confidence tax relief claims will be honoured.

Timescales for the resolution of these issues are not known. In the meantime, to protect the interest of members of our registered pensions schemes, Rowanmoor has decided to suspend acceptance of all transfers of assets in lieu of cash contributions until further notice.

For the avoidance of doubt we will continue to allow the ordinary payment of a tax relievable cash contribution into a pension arrangement and then for that cash to be used to purchase an asset. We are simply suspending the ability to offset one of those transactions against the other.

This is an addendum to the following documents:

SSAS Fee Schedule – SSAS-CL 03/17

SSAS Fee Schedule (Existing Clients) – SSAS-CLEX 03/17

Solo SSAS Fee Schedule – SMS-CL 03/17

Defined Benefit SSAS Fee Schedule – DBSSAS-CL 03/17

SIPP Fee Schedule – SIPP-CL 03/17

SIPP Terms and Conditions – SIPP-TC 01/17

Family Pension Trust Fee Schedule – FPT-CL 03/17

SSAS and Family Pension Trust Commercial Property Guide – SSAS/FPT-PG 01/17

SIPP Commercial Property Guide – SIPP-PG 01/17

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