

## Overseas transfer charge

At Spring Budget 2017 the government announced that from 9 March 2017 a new 25% overseas transfer charge applies to some overseas pension transfers that were previously tax free.

From 9 March 2017 the overseas transfer charge will affect

- members of pension schemes requesting an overseas transfer
- UK pension scheme administrators making overseas transfers
- overseas scheme managers making and receiving transfers

We have updated GOV.UK content [Business tax: Pension scheme administration - GOV.UK](#) and forms [Overseas pension schemes - GOV.UK](#) and have provided more information below.

You can find more information here <https://www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers>

and read more in the detailed guidance here

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/597451/overseas-transfer-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/597451/overseas-transfer-guidance.pdf)

## Pension scheme members

You will still be able to make a transfer tax free if you are transferring to a qualifying recognised overseas pension scheme (QROPS) and formally requested your transfer before 9 March 2017 or one of the following apply

- you are resident in the country where the QROPS receiving your transfer is based
- you are resident in a country in the European Economic Area (EEA) and the QROPS you are transferring to is based in another EEA country
- the QROPS you are transferring to is an occupational pension scheme and you are an employee of a sponsoring employer under the scheme
- the QROPS you are transferring to is an overseas public service scheme and you are employed by an employer that participates in that scheme
- the QROPS you are transferring to is a pension scheme of an international organisation and you are employed by that international organisation

You will need to think about your circumstances and the overseas scheme to which you are transferring so that you know if your transfer will lead to the overseas transfer charge.

Your UK pension scheme administrator or overseas scheme manager will ask you for some information to help them decide if the overseas transfer charge applies to your transfer. If you do not give them this information, they will automatically deduct the 25% tax charge.

You cannot pay the charge yourself, instead if you make a taxable overseas transfer your UK scheme administrator or overseas scheme manager will deduct the 25% charge from your transfer fund.

Updated forms and guidance are now available [Overseas pension schemes - GOV.UK](#) and [Business tax: Pension scheme administration - GOV.UK](#)

## **UK pension scheme administrator**

From 9 March 2017, in addition to the checks that you make to ensure that an overseas transfer is a recognised transfer [<https://www.gov.uk/guidance/pension-administrators-member-transfers>] you will also need to check if the overseas transfer charge applies.

The overseas transfer charge will apply on transfers to QROPS if your scheme member formally requested their transfer on or after 9 March 2017 and none of the following apply

- they are resident in the country where the QROPS receiving the transfer is based
- they are resident in a country in the European Economic Area (EEA) and the QROPS they are transferring to is based in another EEA country
- the QROPS they are transferring to is an occupational pension scheme and they are an employee of a sponsoring employer under the scheme
- the QROPS they are transferring to is an overseas public service scheme and they are employed by an employer that participates in that scheme
- the QROPS they are transferring to is a pension scheme of an international organisation and you are employed by that international organisation

To help you decide if the overseas transfer charge applies to a transfer you must ask your member for information about the transfer and you can use the updated [APSS263](#) to do this. The updated form will be available from 9 March 2017.

If your member does not give you this information and you make the overseas transfer, you must automatically deduct the 25% overseas transfer charge and pay this to HMRC.

The information requirements for UK pension scheme administrators making overseas transfers are also changing. You'll have to tell HMRC, the transferring member and the overseas scheme manager details of every transfer and whether the overseas transfer charge applies. If a transfer is not a taxable overseas transfer you'll need to provide the reason why. We have updated the [APSS262](#) so that you can provide these details to HMRC.

If a transfer is taxable, you will also need to report this on the Accounting for Tax Return (AFT). For taxable overseas transfers made between 9 March 2017 and 30 June 2017 you will need to report these and pay the tax on the AFT for the quarter ending 30 September 2017.

As a result of the changes announced in the Budget, an overseas scheme cannot be a QROPS unless the scheme manager has given HM Revenue & Customs (HMRC) an undertaking that they will operate the new overseas transfer charge and pay this to HMRC when due.

For the purposes of these new undertakings only, HMRC will deem existing QROPS to continue to meet the 'qualifying' requirement to be a QROPS until 13 April 2017. If by the 13 April 2017 HMRC has not received the new undertaking the overseas scheme will automatically cease to be a QROPS.

From 14 April 2017 we will suspend the ROPS notifications list and publish an updated list on 18 April 2017.

Updated forms and guidance for UK scheme administrators will be available from 9 March 2017 at [Business tax: Pension scheme administration - GOV.UK](#)

### **Overseas scheme manager**

As a result of the changes announced in the Budget, your overseas scheme cannot be a QROPS unless you have given HM Revenue & Customs (HMRC) an undertaking that you will operate the new overseas transfer charge and pay this to HMRC when due.

For the purposes of these new undertakings only, HMRC will deem your QROPS to continue to meet the 'qualifying' requirement to be a QROPS until 13 April 2017.

If by the 13 April 2017 HMRC has not received your new undertaking your overseas scheme will automatically cease to be a QROPS. You must use form [APSS240](#) to provide the new undertaking from 9 March 2017. You must return this to HMRC by post and it must reach us by 13 April 2017.

From 14 April 2017 we will suspend the ROPS notifications list and publish an updated list on 18 April 2017.

If you have submitted an APSS251 to notify or renotify HMRC that your scheme is a recognised overseas pension scheme and haven't heard from us, please note that we will be unable to respond until we have received your completed [APSS240](#).

In addition, when making an onward transfer to another QROPS you will also need to check if the overseas transfer charge applies.

The overseas transfer charge will apply on onward transfers to another QROPS if your scheme member formally requested their transfer on or after 9 March 2017 and none of the following apply

- the funds being transferred are pre 9 March 2017 funds
- the member is resident in the country where the QROPS receiving the transfer is based
- the member is resident in a country in the European Economic Area (EEA) and the QROPS they are transferring to is based in another EEA country
- the QROPS they are transferring to is an occupational pension scheme and the member is an employee of a sponsoring employer under the scheme
- the QROPS they are transferring to is an overseas public service scheme and the member is employed by an employer that participates in that scheme
- the QROPS they are transferring to is a pension scheme of an international organisation and the member is employed by that international organisation

To help you decide if the overseas transfer charge applies to a transfer you must ask your member for information about the transfer and you can use the new [APSS255](#) to do this. This form will be available from 9 March 2017.

The information requirements for overseas scheme managers making payments and onwards transfers are also changing. You'll have to tell HMRC, the transferring member and the overseas scheme manager details of every transfer and whether the overseas transfer charge applies. If a transfer is not a taxable overseas transfer you'll need to provide the reason why. We have updated the [APSS253](#) so that you can provide these details to HMRC.

If a transfer is taxable, when HMRC receives your information we will tell you how to pay the tax.

Updated forms and guidance for overseas scheme managers are now available at [Overseas pension schemes - GOV.UK](#).