

For immediate release



MARSP

Malta Association of
Retirement Scheme
Practitioners

MALTA PENSIONS INDUSTRY RESPONDS TO UK PENSION TAX CHANGES

10/3/2017

**Malta Association of Retirement Scheme Practitioners (MARSP) statement on UK Budget
Impact on Malta Pensions Sector effective from 9th March 2017.**

Introduction

In his first budget UK Chancellor Philip Hammond in Thursday's Budget announced a major shake up of the rules for those who have worked in UK wanting to take their pensions with them when they leave the UK. This is an immediate measure, surprising the industry which has grown up since this portability was first allowed in 2006. It is likely that this measure is to counter abuse of the tax relief given on contributions to UK pension scheme and is to help stamp down on fraud, scams and so called "pension release". There may also be some element of pre Brexit positioning by the UK government around the portability of pensions..

General description of the measure (from UK Gov, partly technical):

This measure ensures that transfers to QROPS (Qualifying Recognised Overseas Pension Scheme) requested on or after 9 March 2017 will be taxable unless, from the point of transfer, both the individual and the pension savings are in the same country, both are within the European Economic Area (EEA) or the QROPS is an Occupational Pension Scheme provided by the individual's employer.

If this is not the case, there will be a 25% tax charge on the transfer and the tax charge will be deducted before the transfer by the scheme administrator or scheme manager of the pension scheme making the transfer.

It also widens the scope of UK taxing provisions so that, following a transfer to a QROPS on or after 6 April 2017, they apply to payments out of those transferred funds in the five tax years following the transfer.

More.....

MARSP Statement:

The MARSP view is that although this was a move which lacked adequate consultation, it is a positive for Malta and for the wider pensions industry, especially in Europe. MARSP believes that the imposition of a tax charge when transferring UK tax relieved pension funds from the UK to a non European jurisdiction, or country of residence should discourage the transfer of smaller pension pots and help prevent pension fraud. In addition the new tax will make transferring expats think twice about the cost implications of such a move and seek assistance from reputable, regulated Independent Financial advisers, experienced in this complex area.

MARSP responded to the recent UK government consultation paper relating to pension scams and supported the consultation document conclusions and comments.

MARSP is confident that the highly regulated and monitored pensions industry in Malta remains very much open for business, and its members are confident in the future and the support of the regulator and the transparent local tax regime. Malta, being a full member of the European Union can only be strengthened by this move.

MARSP is of the opinion that this shows HMRC and UK Government is serious about ensuring UK tax relieved pensions money is used properly for the purposes of retirement.

MARSP is also interested to see what the impact of Brexit will be in combination with these new rules, as this could be a move to ensure that UK tax relieved pension funds are still portable in Europe even after Brexit.

MARSP Information

The Malta Association of Retirement Scheme Practitioners or MARSP, is the single Maltese association combining the experience, practical information and coordination of all entities that are licensed to operate as Retirement Scheme Administrators in Malta.

Established in 2011, following the establishment of a number of Pensions Scheme Administrators and Trustees in Malta, initially focusing on the International Pensions market, with an emphasis on British Expatriates, the Association now has over 15 Members whose businesses cover QROPS, International Pensions and now the Local Maltese Pensions Market representing substantial assets under management.

MARSP is primarily concerned with regulation, taxation and industry best practice. MARSP meets regularly, on a bi monthly basis.

Discussions are led around the key sub-committees, regularly liaising and lobbying the Maltese Regulators (Malta Financial Services Authority) and the Maltese Inland Revenue. In addition, meetings cover general topics of industry best practice and new local and international legislation.

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NOTES FOR EDITORS

UK Government Web Page with the new rules:
<https://www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers>

MARSP Website, including list of members and links to their own sites.

<http://bit.ly/2jPgAnn>