Pensioneer
Trustee Company (Guernsey) Limited

Qualifying Non-UK Pension Scheme
Q&A

1. What is a QNUPS?

A QNUPS is a Qualifying Non-UK Pension Scheme, which is a highly flexible and tax efficient pension structure that can supplement existing pension arrangements.

2. When did this come into force?

The legislation was updated in the Finance Act 2008 and in law by The Inheritance Tax (Qualifying Non-UK Pension Schemes) Regulations 2010. This came into force on 15th February 2010.

3. Is it a UK registered Pension?

No, a QNUPS is not registered with HMRC, but is a qualifying pension.

4. Is the QNUPS recognised?

Yes, our QNUPS would be approved by the Income Tax (Guernsey) Law 1975 and hence would be classed as a Recognised Overseas Pension (ROP)

5. Are there any reporting requirements to HMRC?

No, as the transfer of assets is out of post-tax earnings or from personal capital, there are no reporting requirements to HMRC.

6. Are the transferred assets deemed to be "Relevant Property"?

No, under S58 (1) (d) IHTA 1984, assets are not deemed Relevant Property if held for the purposes of a qualified pension scheme.

7. What assets can be held in this type of pension?

Most assets are acceptable within a QNUPS. As trustees, we accept cash, quoted and unquoted securities, private equity, commercial property, including buy to lets. Taxable Property is also allowable (although we only accept secondary residential property, not primary) and tangible moveable property including art, antiques, jewellery, fine wine, classic cars and yachts.

8. Would the transfer of assets be a deemed distribution?

It is likely that any transfer of assets into a QNUPS would be classed as a deemed distribution and hence the assets would therefore need to be re valued to market value prior to the transfer.

9. How much can I contribute into a QNUPS?

There is no limit on the amount you can add to your QNUPS, as there is no tax relief on contributions, but it must be appropriate for your circumstances. The amount must also be proportional to your overall net wealth, and generally we would expect that the maximum transfer would be approximately 50% but determined on a case by case basis.

10. Can I invest more than my UK annual allowance?

Yes, as any addition is out of taxed income, there is no limit on the contributions you can invest annually.

11. Will the income drawn by the member be taxed?

Income will be paid out of the QNUPS gross and the accounting treatment will depend where the member is resident. At present for a UK resident, the income would attract a foreign pension allowance of 10%, and hence 90% of the income would normally be taxed.

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12. Can I take a loan from the pension?

Yes, you may take a loan of up to 30% (25% if UK resident) of the value of the pension at any stage. This would be subject to interest at a commercial rate, which would be payable to your QNUPS. The loan would need to be repaid before retirement.

13. Can I take a pension commencement lump sum at retirement?

Yes, when you retire, you may take a 30% lump sum (25% if UK resident).

14. What happens upon retirement?

You can draw an income between the age of 55 and 75 years of age at which point at least 70% of your pension fund must be used to provide a retirement income for life.

15. What happens upon death?

Upon death, the remaining assets will be distributed to your named beneficiaries.

16. Would the beneficiaries be taxed on the distribution?

This would depend on where the beneficiary was resident. In the UK, IHT is a donor tax, and hence it is our understanding that a UK resident would not be taxed on the receipt. In parts of Europe for example, IHT is a donee tax and hence, the beneficiaries may be taxable. We do not give tax advice, and would recommend that you seek guidance from a relevant professional party.

17. Is a QNUPS likely to be challenged by HMRC?

There is always a possibility that HMRC may challenge any type of structure including pensions, if it has been misused. QNUPS are not appropriate for deathbed planning, or for aggressive tax planning. Although at present there would not be a penalty by HMRC if successful challenged, the benefits of the pension would be nullified. If the QNUPS is used and run as a genuine pension, then the risks are very much mitigated.

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