

Reattribution of Inherited Estates & Payments to Pension Policyholders

A Consultation Document from HMRC

A response by

The National Association of Pension Funds

August 2007

Introduction

This response is from the National Association of Pension Funds (NAPF). The NAPF is the leading voice of workplace pensions provision in the UK. NAPF Member schemes hold assets of some £800billion.

1. NAPF welcomes HMRC's proposed amendment to pensions tax legislation to relieve certain payments, made in conjunction with a formal process of the reattribution of inherited estates, from the unauthorised payments tax charge.
2. The payments affected are made to with-profits policyholders as part of a pension arrangement. The objective is to ensure fair treatment to policyholders where the payment does not diminish the value of the funds held within a pension scheme and is made to protect the policyholders' interests. NAPF supports the principle that payments made under these conditions should not be subject to a charge designed to recoup tax reliefs.
3. It follows that we would support the examination of any alternative method of dispersing inherited estates within a pension arrangement as a potential exemption from the unauthorised payments charge, once any such method has been identified.

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