HMRC - STSM082040 - Mergers Of Pension Schemes

When pension schemes merge resulting in a transfer of assets to the receiving scheme, and the only consideration given for the transfer is the assumption by the receiving scheme of the obligation to pay pension benefits to members of the transferring scheme, no ad valorem stamp duty will arise. This is because the assumption by the trustee of the receiving scheme of the liability to provide pension benefits (and other benefits by HMRC registered pension schemes) to members of the transferring scheme is not regarded as chargeable consideration for stamp duty purposes.

Every instrument that transfers stock or marketable securities from the transferring scheme to the receiving scheme constitutes a transfer otherwise than on sale, but does not require stamping.

There is no charge to Stamp Duty Reserve Tax (SDRT) if chargeable securities are held by the pension schemes in dematerialised form because the assumption of liabilities does not constitute consideration in money or money’s worth (FA1986/S87). In such circumstances a letter of direction should be completed and CREST transaction status flag ‘5’ input to prevent any SDRT charge arising. Although the letter of direction does not require stamping, HMRC might request to see it

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