HMRC - STSM082050 - Member Leaves Scheme And Commences A Personal Pension Scheme

If a member of an occupational pension scheme leaves the scheme and takes out a Personal Pension Scheme (PPS) evidenced by a policy document, the trustees of the occupational scheme usually transfer assets representing the member’s share of the occupational scheme to the PPS. The PPS assumes liability to pay pension rights to the individual as consideration for the transfer of assets. This consideration is not within SA1891/S57 as the PPS is simply assuming liability to pay pension rights of the individual, and the transfer will not therefore attract stamp duty.

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

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