

Exempt employers' contributions to an overseas pension scheme

Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
- the SA Orderline on **0845 9000 404** for helpsheets

or go to

www.hmrc.gov.uk

This helpsheet will help you work out the amount to enter in box 14 on page Ai 2 of the *Additional information* pages of your tax return. Enter in box 14 the amount of employer contributions to an overseas pension scheme that is not registered in the UK, which were made in the year ended 5 April 2011 and in respect of which you are exempt from tax.

You are exempt from tax on employer contributions if:

- you are eligible for Migrant Member Relief in respect of such contributions, or
- you are eligible for transitional corresponding relief because the scheme is recognised by HM Revenue & Customs as a corresponding scheme and you were exempted from tax charges on contributions paid by your employer to the scheme between 6 April 2005 and 5 April 2006, or
- the contributions are exempt under the terms of a Double Taxation Agreement (DTA), or
- the contributions are to a scheme that is regulated and tax-recognised as a pension scheme in the country in which it is established and will provide you with retirement and death benefits only.

The amount in box 14 should be:

- if your scheme is a money purchase scheme, the amount of your employer's annual contributions to the scheme on your behalf. You must enter an amount even where you are not given an annual statement of those contributions. The annual contributions may be for a calendar year or any 12 month period ending in the 2010–11 tax year. A money purchase scheme is one in which benefits are provided from a fund derived from contributions made by your employer and perhaps also by you
- if your scheme is a defined benefits scheme and it gives you an annual statement showing the value of your rights under the scheme, the increase in the value of your lump sum (cash) rights plus 10 times the increase in the amount of your promised annual pension. From this value deduct any personal contributions to the scheme. Please see the example below. The annual statement may be for a calendar year or any 12 month period ending in the 2010–11 tax year. A defined benefits scheme is typically one in which the level of benefits is calculated by reference to your earnings and length of employment.

Example

You received an annual statement from your scheme for the year to 31 December 2010. Your lump sum (cash) rights increased by £1,000, your promised annual pension increased by £3,000, and you contributed £1,500 to the scheme. You calculate the amount to be entered in box 14 as follows:

$$£1,000 + (10 \times £3,000) \text{ minus } £1,500 = £29,500.$$

If your scheme is a defined benefits scheme and it does not give you an annual statement showing the value of your rights under the scheme, do not enter an amount for these rights.

If you have made an entry in box 14, use box 20 on page Ai 4 to provide the name of the scheme and the following information:

- if you are eligible for Migrant Member Relief on contributions to a qualifying overseas pension scheme, the scheme's QOPS reference, or
- if you are eligible for transitional corresponding relief, the scheme's SF74 reference, or
- if you are exempt under a DTA, the DTA that applies. You should also confirm that the scheme has been accepted by Pension Schemes Services as corresponding, or, in the case of the UK/USA DTA, confirm that the US scheme is of a type specified in the Exchange of Notes of 24 July 2001 as being a pension scheme under Article 3.1(o). In the case of the UK/Ireland DTA you should instead provide confirmation that the Irish scheme is tax approved or registered for tax approval in Ireland.

You can find more information about Migrant Member Relief, transitional corresponding relief and DTA relief by going to www.hmrc.gov.uk and looking for *DT Digest* within the Search facility.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at www.hmrc.gov.uk