



**Minutes of meeting held on 2 October 2017**

**Place: 100 Parliament Street, London SW1A 2BQ**

**Attendees:**

<b>Name</b>	<b>Organisation</b>
Karen Goldschmidt	Association of Consulting Actuaries
Yen-Pei Chen	Association of Chartered Certified Accountants
Zachary Gallagher	Association of Member-directed Pension Schemes
Carol Johnson	Association of British Insurers
Ian Neale	Aries
Dave Sadler	Aviva
Richard Wyatt	Chartered Institute of Taxation
Katharine Lindley	Association of Taxation Technicians
Vince Flanagan	Investment and Life Assurance Group
Susan Cattell	Institute of Chartered Accountants of Scotland
Benjamin Mack	National Employment Savings Trust
Averil Logan	Pensions and Lifetime Savings Association
John Dunkley	Society of Pension Professionals
Paddy Millard	Tax Help for Older People
Stacey Bradley	Zurich
Paul Garwood	Institute of Chartered Accountants in England and Wales
Renny Biggins	Tax Incentivised Savings Association
Hazell Hallam	Pensions Research Accountants Group
Anne Smith (Chair)	HMRC
Daniela Paul	HMRC
John Bhandal	HMRC
Jason Price	HMRC
Sarah Mee	HMRC
Cynthia Fulton	HMRC
Teresa Bartram	HMRC
Sinthuja Path	HMRC

Apologies from: Jo Gibson (HMRC), Samantha Mann (CIPP), Larry Darby (LITRG)

### Agenda Item 1 Introduction, domestics and actions

1. The Chair welcomed attendees and gave apologies for the absence of Jo Gibson who usually chairs the forum. Introductions were given and domestics were covered.
2. HMRC apologised that the minutes weren't circulated and published straight after the last meeting. HMRC explained that this was due to the period of purdah leading up to and after the general election.
3. HMRC will try to circulate and publish the minutes from this meeting sooner.
4. HMRC went through the action points from the meeting held on 30 March 2017. Most of these action points are closed, however HMRC went through the outstanding actions.
5. Action point 3 - HMRC explained that consideration had been given to providing due diligence guidance regarding member's residency (paragraph 44 of minutes of the Forum held on 30 March 2017) however, at this time, HMRC won't provide guidance on this.
6. HMRC explained concerns that any guidance would be taken as a minimum checklist and HMRC endorsement that only this needs doing before the transfer. Scheme administrators will have their own due diligence processes that they should follow. So HMRC will close the action point but keep it under review.
7. Action point 5 – HMRC explained that an update on this action point will be given during the Pensions Policy Team update.
8. Action point 7 – HMRC explained that there wouldn't be an auto acknowledgment on the Pensions Tax Manual (PTM) mailbox. HMRC explained that this option had been explored with the Digital Team. The absence of an auto acknowledgment eliminates the risk of misunderstanding that customers may take the auto acknowledgment as agreement to any questions or proposed actions in their email. This decision is in line with other areas within HMRC.
9. HMRC said that all emails submitted to the PTM mailbox are entered onto a log for quarterly consideration to be factored into PTM updates.
10. HMRC explained that if members of the Forum wanted to make sure that their emails have been received by the PTM mailbox, they can email Jason Price to check that their emails are on the log.
11. HMRC closed action point 7.

## Agenda Item 2 Pensions Policy Team update

### Overseas transfer charge

12. HMRC explained that at the last meeting the overseas transfers charge was discussed. The Pensions Policy Team have been working with solicitors on regulations to make sure that the overseas transfers charge works in practice particularly covering off how overpayments work and attribution rules.
13. HMRC are still working on the draft regulations and are hoping to publish them for technical consultation in the next few of weeks.

### Money purchase annual allowance (MPAA)

14. HMRC explained that the Finance Bill 2017 - 2018 is currently going through the parliamentary process and that this includes the reduction from 2017 to 2018 of the MPAA from £10,000 to £4,000.
15. HMRC explained that they've been working on information regulations to delete references to the £10,000 (MPAA) and replace these with the £4,000. HMRC confirmed that this was the only change being made.
16. HMRC had hoped to publish these in draft earlier but hadn't been able to do so. HMRC will now will wait until after Royal Assent and then provide a link to the made and laid regulations.
17. Attendees explained that there were additional changes that they hoped HMRC would consider. One attendee asked whether something could be done to address the situation where the 3 year contribution history disclosure requirement is triggered for the defined benefits schemes as soon as a member who also has a defined contribution scheme goes above the MPAA and tax charge.
18. This causes a problem for schemes with a closed defined benefits part but an open defined contributions part of the scheme. The attendee explained that all the administration relating to the defined benefits part of the scheme is over but then the scheme administrator has to reopen this when the 3 year pension input amount disclosure history is triggered by contributions above the money purchase annual allowance (and where there is no carry forward).
19. Attendees also mentioned that the member may have only become a member part way through the last year and in this case, only those contributions since they entered the scheme will be tested against the money purchase annual allowance.
20. Attendees explained that scheme members find the information on the statements confusing. Schemes have to warn their members that they are obliged to split the defined contributions so they've only got the information

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they need.

21. HMRC will consider the points raised and whether or not a change should be made, as well as if there is still time to include any amendments to the draft regulations before these are made and laid.

### Pensions advice allowance

22. In response to action point 5 from the last meeting of the Pensions Industry Stakeholder Forum, one attendee had a further question about the pensions advice allowance. The attendee noted that HMRC had confirmed in [Pension Schemes Newsletter 87](#) that request to use this allowance could be received by email but asked why this is the only authorised payment where the legislation specifically requires the request for this to be made in writing.
23. HMRC explained that as the policy was developed, there was discussion around this point and because this request is a declaration, the minister wanted it to be in writing. HMRC have no plans to revisit this point, so this action can be closed.

### Guidance on the money laundering regulations

24. HMRC explained that there had been problems publishing these on GOV.UK. This guidance is due to be ready shortly. HMRC asked those attendees interested in seeing this guidance to email [sarah.l.mee@hmrc.gsi.gov.uk](mailto:sarah.l.mee@hmrc.gsi.gov.uk) and HMRC will send this guidance to them.

### Decoupling of the pension commencement lump sum from pension event

25. One attendee asked if there were plans to decouple the pension commencement lump sum from the pension event. HMRC confirmed that this was something that had been raised as part of the Financial Conduct Authority's Retirement Outcomes review but HMRC had no comment on the present position.

### Relevant accretions

26. HMRC explained that following the last meeting of the forum the relevant accretion rules were still under review. Attendees had explained that some small lump sums and uncrystallised funds pension lump sums (UFPLSs) fall outside the relevant accretion rules had asked if there was scope to extend these rules to cover small lump sums and UFPLSs.
27. HMRC will continue to review these rules and will communicate any changes through the usual channels.

### Agenda Item 3 Pensions Project Team Update

#### Pensions Online

28. HMRC referred to plans for the new pensions online service. HMRC will deliver the new service in two phases.

During 2018 HMRC will deliver a new platform for registering as a pension scheme administrator and for registering pension schemes.

In the 2019 to 2020 tax year, HMRC will add reporting functionality including event reporting, accounting for tax and pension scheme returns onto the new service.

29. HMRC also aims to deliver an integrated accounting system so that administrators can see charges raised and payments made.

30. HMRC are keen to work with all stakeholders on the design and development of the new service.

31. HMRC are undertaking a large data cleanse and explained that they will only move current records across to the new service.

32. HMRC explained that following the request that scheme administrators update their details, significant numbers of administrators have already logged in to update their details.

33. HMRC will continue to provide updates and information on data cleansing activities and migration activities in pension schemes newsletters. HMRC will also encourage practitioners to ask their administrators to ensure that their details are up to date. Work will continue on this into April 2019.

#### Scottish Income Tax

34. HMRC explained that work continues on the residency tax status notification report, due for delivery in January 2018. So, pension schemes that submitted an annual return of individual information for the 2016 to 2017 tax year should get a notification in January 2018 that covers all members included on this annual return.

35. HMRC explained that the notification report will be delivered to pension scheme administrators using the secure electronic data exchange (SDES).

36. The notification report will mirror the information submitted by pension scheme administrators but will include an extra column for residency status.

S – for Scottish residents

Blank – for those where you should use the UK tax rate

U – for those members who are unmatched

37. In addition, where the scheme administrator provided an incorrect National Insurance (NI) number on the 2016 to 2017 annual return of individual information, HMRC will also provide the correct NI number (if this can be traced) alongside the incorrect one submitted. HMRC will do this so that scheme administrators can identify the scheme member from their original submission and correct the NI number for future returns.

38. Attendees asked when the technical information covering the notification report would be available.

### **Action point 1 – HMRC to provide an update on this in pension schemes newsletters.**

Action closed – In Pension Schemes Newsletter 92 HMRC explained that scheme administrators can request these by email.

39. HMRC explained that SDES enrolment will continue from October 2017 to January 2018 and that scheme administrators already using SET will automatically migrate to SDES. HMRC will contact scheme administrators to begin this process and provide them with a submission reference number.

40. HMRC explained that scheme administrators should look out for an email from HMRC so they can complete and submit their enrolment details.

41. HMRC explained that work continues on the residency tax status look up service to provide a residency status for those members who were not on the 2016 to 2017 annual return of individual information.

42. HMRC hopes to test the look up service in private beta from November 2017. HMRC said that scheme administrators who want access to the service in private beta should email [pensions.businessdelivery@hmrc.gsi.gov.uk](mailto:pensions.businessdelivery@hmrc.gsi.gov.uk) and put 'Residency status look up service – private beta' in the subject line of the email.

43. HMRC welcomes feedback from users on the look up service and aims to deliver the look up service in public Beta in January 2018.

44. Attendees asked what they should use if HMRC returned an unmatched status for a member. HMRC confirmed that in unmatched cases, scheme administrators should use a rest of UK residency status.

45. HMRC wants to work with scheme administrators to get to a point where individuals can be matched rather than defaulting to a rest of UK status each year.

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46. Attendees asked if the annual return of individual information will change. HMRC confirmed that an additional column will be added to the annual return for scheme administrators to tell us what tax rate they've applied.
47. Attendees explained that the change of deadline, from October to July, for submitting the APSS106 could cause issues for pension scheme administrators.
48. HMRC explained that the rationale, for aligning the submission dates for the annual return of individual information and the APSS106, is that this information is linked and affects repayments of relief at source that HMRC make.
49. HMRC will publish the regulations in draft and encouraged stakeholders to provide feedback on these.
50. HMRC confirmed that the data matching service will require date of birth, gender and surname. HMRC recognises that the information it holds may not match that held by scheme administrators.
51. One attendee asked what rate should be used if there is an in-year change. HMRC confirmed that administrators should use the rate issued by HMRC on the notification report.
52. One attendee asked what happens if an individual has received the wrong rate of relief due to their details being unmatched.

### **Action point 2 – HMRC to provide guidance on this.**

Action closed – This is covered in the new GOV.UK guide, 'Check a pension scheme member's residency status for relief at source'.

### Lifetime Allowance

53. HMRC confirmed that the basic lifetime allowance look up service went live on 20 September 2017.
54. As part of the project to replace Pension Service Online HMRC explained plans to deliver an authenticated service that will let you log in as scheme administrator, enter a member's details and get a more detailed response back, to provide assurance about their member's lifetime allowance protection(s) status. HMRC explained that this won't go live before April 2019.
55. One attendee confirmed that they had tried the new service and it was easy to use, and that they just needed the protection certificate reference and a PSA ID. But also mentioned that it didn't provide any detail about the

protection history for a member which would be useful if correcting a past benefits crystallisation event.

56. HMRC explained that because the current service is not authenticated, it won't provide a lifetime allowance protection history, but the proposed authenticated service would.
57. Attendees asked if scheme administrators should double check a member's lifetime allowance protections and if all protections are included on the look up service.
58. HMRC weren't able to migrate all protections (such as pension credits and international enhanced) to the look up service. However, HMRC intends to include all information on the authenticated service once this is delivered sometime in the 2019 to 2020 tax year.
59. HMRC explained that work continues on the functionality for members to withdraw notification online.

### Overseas transfer charge

60. HMRC explained that the accounting for tax return (AFT) now includes the overseas transfer charge. If scheme administrators report something else on their AFT (as well as the overseas transfer charge) they'll receive two separate charge references, one for the overseas transfer charge and one for the other charge(s).

### Small pots and RTI reporting

61. Attendees had contacted HMRC about reporting multiple small pots payments for a member through RTI, but where only one small pots payment is reflected. HMRC explained this apparent overwriting of data isn't limited to reporting small pots pension payments.
62. HMRC explained that if fields have more than one entry, the system thinks they are duplicates and disregards them. HMRC explained that a scan has been carried out to correct all affected records for tax years 2015 to 2016 to 2017 to 2018.
63. HMRC confirmed that scheme administrators should continue to follow the guidance in [CWG2: 2.2.5](#), but if they're reporting more than one payment they should enter a different end date for each payment.
64. HMRC confirmed that the guidance in CWG2 will be amended as soon as possible to reflect this.

**Action point 3 - HMRC to find out if there is anything other than an update to guidance planned.**



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65. Attendees explained that this won't be a quick fix because it's coded into their systems
66. Attendees also commented that payments can be on different payroll IDs but are for the same person. HMRC responded that the system only takes the first part of the ID and treats it as the same payroll ID. However it does pick up the dates.
67. Attendees explained that an HMRC letter issued to taxpayers that tells them that information has been entered incorrectly by the scheme administrator and telling them to contact their administrator, is causing problems and generating customer contact.
68. HMRC will respond to any evidence attendees supply on this.

### Annual Allowance Calculator

69. HMRC explained that work was ongoing on updates to the annual allowance and the issues around carry forward from 2012 to 2013 have been resolved in part. The calculator now works for members who didn't have money purchase annual allowance.
70. HMRC are working with digital teams to resolve the additional money purchase annual allowance issues in the calculator. Updates will be provided in Newsletters.
71. Attendees asked whether, if a customer used it in the future (following updates), they will get a different answer. HMRC confirmed that this could happen. Attendees raised concerns that this is a fundamental part of the reporting tool and that the helpsheet H345 points to the calculator.
72. Attendees made reference to the minutes of the last Pensions Industry Stakeholder Forum and HMRC said they would consider adding a warning notice onto the calculator to caveat the results.
73. HMRC are working with Government Digital Service (GDS) to provide specialist member content on annual allowance. Attendees asked if they could comment on updated wording for GOV.UK. HMRC explained that this would not be possible but users could feedback once updates were live. HMRC confirmed the update is expected by December 2018.
74. HMRC welcome feedback from external customers and stakeholders as it helps with our work with Government Digital Services.
75. Attendees explained that scheme administrators are receiving contact about annual allowance, asking them about the level of contributions that have gone into the scheme. Attendees also explained issues in declaring when contributions are paid when the date paid is different to dates shown on statements. This can lead to problems.

76. Attendees asked if there were any updates on scheme pays. HMRC confirmed information published is correct.
77. Attendees asked if an annual allowance charge being paid by a scheme under voluntary scheme pays should be paid through the AFT return. Or whether any other route existed. HMRC confirmed voluntary scheme pays details should be reported through the AFT and in order to meet the deadline for tax payment of 31 January 2018 will need to be on the AFT Quarter 4, submitted ahead of it's usual deadline of mid-February. An AFT that has been submitted before mid-February can be amended later for other AFT charges.
78. Attendees raised the issue of managing different deadlines for voluntary scheme pays (31 January following end of tax year) and mandatory payments (via AFT in November). One attendee explained that this is particularly an issue for members who are subject to the tapered annual allowance and who input more than £40,000 per year. These members can't use mandatory scheme pays to pay the whole of the tax charge, so have to rely on voluntary scheme pays as well (assuming the scheme offers voluntary scheme pays).
79. Attendees explained that because the voluntary scheme pays deadline is 6 months earlier than the mandatory scheme pays deadline, the member has to choose scheme pays option by the September. Members and scheme administrators find this deadline tight and difficult to manage. Attendees asked if the time limit could be relaxed in line with mandatory scheme pays.
80. HMRC confirmed that there are currently no plans to change the voluntary scheme pays process. HMRC would need evidence of the issues and size of any problem before they could consider whether or not to go back to ministers on this. Attendees appreciated that the next few years will be difficult in terms of making changes to legislation.
81. Attendees asked what checking HMRC would be doing with regard to voluntary scheme pays.
82. HMRC confirmed that work is ongoing to improve messaging and provide schemes with more information. HMRC welcome any ideas, suggestions (outside of legislative changes) and comments. Please send these to [sarah.l.mee@hmrc.gsi.gov.uk](mailto:sarah.l.mee@hmrc.gsi.gov.uk)

### **Agenda Item 4     Any other business (AOB)**

#### **Cancellation of Lump Sum payments (PCLS/ UFPLS)**

83. One attendee explained that scheme administrators are receiving requests to take back PCLS and UFPLS payments on the grounds that members have changed their minds and are challenged by members and advisers when they explain that it's not possible to undo/cancel a lump sum

payment once paid. Attendees felt it would be useful to have confirmation of this in the Pensions Tax Manual and or a pension schemes newsletter to help scheme administrators confirm the position as that prevents the need for a long technical answer/reasoning.

### **Action point 4 – HMRC to consider if guidance can be included in the Pensions Tax Manual.**

#### Reporting Event 22 and 23

84. One attendee asked about how to report Event 22 and 23 relating to pension savings statements. HMRC confirmed as per [Pension Schemes Newsletter 81](#) scheme administrators who are experiencing problems with their submission due to the number of reports they need to make can email HMRC for help with this at [pensions.businessdelivery@hmrc.gsi.gov.uk](mailto:pensions.businessdelivery@hmrc.gsi.gov.uk) and put 'Pension Savings Statements' in the subject line of the email.

#### PDF forms

85. Attendees requested pdf versions of some HMRC forms. Attendees explained that sometimes practitioners complete forms on behalf of the administrator but HMRC explained that converting forms to iforms is part of HMRC's digital strategy and that pdf forms are being phased out. HMRC may be able to make some pdf forms available, in exceptional circumstances, on request.

#### Multiple flexible access arrangements

86. One attendee explained that there is consumer interest in simplifying the rules on managing multiple flexible access arrangements. HMRC explained that there are currently no plans to amend these rules but asked attendees to email [sarah.l.mee@hmrc.gsi.gov.uk](mailto:sarah.l.mee@hmrc.gsi.gov.uk) with further details, for consideration.

#### Dormant employers

87. Attendees asked what the new pensions online service project would deliver in terms of dormant employers. HMRC confirmed information requested will support a review of behaviour when considering de-registration, rather than stop schemes from registering. HMRC will look at each case individually and scheme behaviour over the 6 previous years will be taken into consideration before any move is made to de-register a scheme.

88. Attendees confirmed that they were grateful for HMRC's efforts to stop pension scams.

#### State retirement age increasing from 67 to 68

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89. One attendee asked if the BCE test at age 75 will be raised to state retirement age plus ten years, given the rise in the state pension age from 67 to 68. The attendee also asked if HMRC would consider raising the age 75 threshold for other aspects of pensions such as tax relief on contributions. HMRC explained that this is an HM Treasury led decision so could not comment on these points.

90. HMRC thanked everyone for attending.