



HM Revenue
& Customs

Minutes of meeting held on 9 April 2019

Place: 100 Parliament Street, London SW1A 2BQ

Attendees:

Name	Company
Paddy Millard	TOP
Katharine Lindley	ATT
Ian Neale	Aries
Stacey Bradley	Zurich
Richard Wyatt	CIOT
Darren Fowlie	NEST
Karen Goldschmidt	ACA
Mervyn Skeet	ABI
Kelly Sizer	LITRG
Renny Biggins	TISA
Dave Sadler	Aviva
Stuart Reid	SPP
Hazell Hallam	PRAG
Clive Weber	APL
Vince Flanagan	ILAG
Tiffany Tsang	PLSA
Samantha Mann	CIPP
Yen-pei Chen	ACCA
Matthew Percival	CBI
Guy Hooper (Chair)	HMRC
Daniela Paul	HMRC
Anne Smith	HMRC
John Bhandal	HMRC
Mike Simmons	HMRC
Steve Darling	HMRC
Sarah Mee	HMRC
Karen Smith	HMRC

Apologies from: Sarah Hawkins (AMPS), Susan Cattell (ICAS), Paul Garwood (ICAEW)

Agenda Item 1 Introduction, domestics and actions

1. The new Chair introduced himself, welcomed attendees, introductions were given and domestics were covered.
2. There were no questions or comments from attendees on the last minutes.
3. HMRC referred to the action points from the last meeting - all action points were closed.

Agenda Item 2 Pensions Policy Team Update

4. The Pensions Policy Team didn't have much to update attendees on because currently EU Exit is taking precedence so few other legislative changes are going through Parliament.
5. However HMRC explained that two sets of regulations relating to the repayment of the overseas transfer charge have recently been made and laid.
6. HMRC had been unable to publish the guidance at the same time but expects to update this soon.
7. One attendee highlighted a difference in the date that the regulations come into force in the explanatory memorandum to the date on each statutory instrument. HMRC explained that this wasn't intentional and that the legislation comes into force on 25 April 2019.

Action point 1 – HMRC to arrange for the date to be amended in the explanatory memorandum. Closed – The date was amended on 11 April 2019

Agenda Item 3 Pensions Project Team Update

Managing Pension Schemes service

8. HMRC started to deliver the first phase of the Managing Pension Schemes service in June 2018 and this covered the functions for applying to register a pension scheme and registering as a pension scheme administrator.
9. HMRC has continued to enhance the service throughout 2018 and had intended to release the final enhancement for phase one in March 2019. HMRC explained that this had to be delayed following testing.
10. HMRC explained that now the remaining functionality for phase one will be delivered in two further stages.

11. The first stage will allow pension scheme administrators who are registered on the Managing Pension Schemes service to amend their scheme administrator details on the service and de-enrol as a scheme administrator from the service.
12. The second covers amending the details of schemes that were registered through the service.
13. HMRC doesn't have dates for when these functions will be delivered but is expecting these to be delivered within the next month or so.
14. HMRC will continue to keep attendees and stakeholders updated through the pension schemes newsletters and if delivery happens between newsletters, HMRC will email attendees separately to update on this.
15. HMRC explained that once this functionality has been delivered, phase one will be complete and the focus will shift to delivering phase two.
16. HMRC outlined phase two delivery for the Managing Pension Schemes service.
17. This second phase will cover pension scheme reporting and includes the accounting for tax (AFT) return, event report and pension scheme return. HMRC will also develop a financial statement to show charges raised and repayments made to try to help make this element of pension scheme administration easier.
18. One attendee asked if phase two of the Managing Pension Schemes service will prioritise practitioner registration. HMRC hasn't finalised the phase two timeline yet but expects this to be high on list of priorities. HMRC confirmed that it will communicate the timeline as soon as this has been determined.
19. HMRC also explained that the AFT is likely to be prioritised for those schemes on the Managing Pension Schemes service.
20. HMRC explained that practitioner authorisation for new schemes is currently an offline process. HMRC will continue to offer this until practitioner registration and authorisation is available through the Managing Pension Schemes service.
21. HMRC expects to have more information at the next Pensions Industry Stakeholder Forum in October 2019.
22. HMRC explained that once all functionality has been delivered on the Managing Pension Schemes service, the Pension Schemes Online service will be decommissioned.

23. HMRC explained that before the old service can be decommissioned the Lifetime Allowance service will be enhanced to include all outstanding protections.
24. HMRC will provide more information on timelines for phase two of work on the Managing Pension Schemes service at the next Pensions Industry Stakeholder Forum.

RAS and Devolution

25. HMRC delivered the notification of residency status report to include the Welsh 'c' code in January 2019 and is working to deliver the 'c' code on the relief at source look up service.
26. Over the last few months HMRC has published bespoke relief at source newsletters and will continue to do this when there's lots to communicate on the subject.
27. HMRC explained that from the start of the 2019 to 2020 tax year, scheme administrators can choose which version of the relief at source spreadsheet or electronic flat text file specifications to use to submit their annual return of information. HMRC has published a 2019 version of the spreadsheet and the electronic flat text file specifications on GOV.UK.
28. HMRC explained that the 2019 version of the annual return of information specifications has columns added (columns for the reason for no National Insurance number and for the rate of relief given), some columns have been deleted and some have been renamed.
29. HMRC apologised for the delay in providing these. Scheme administrators can choose to use the new version, however for the 2019 to 2020 tax year scheme administrators can still use the 2018 version.
30. Scheme administrators can contact HMRC if there are any problems in completing the annual return of information. HMRC asked them to contact reliefatsource.administration@hmrc.gsi.gov.uk and put 'relief at source – annual return of information' in the subject line of the email.
31. HMRC explained that the January 2020 notification of residency status report will be based on the new annual return of information specifications, even if scheme administrators submit their annual return of information to the old specifications.
32. HMRC confirmed that for scheme administrators who used the old specifications the January 2020 report will look different from column 9 onwards and asked scheme administrators to contact HMRC with any challenges this poses. HMRC will work with scheme administrators to help with these.

33. One attendee explained concerns that under net pay, low earners aren't getting the tax relief they're entitled to and asked if there are any plans to amend this.
34. HMRC appreciates the impact the different methods of providing pensions tax relief has on low paid workers. HMRC explained that changes to pensions tax relief are a matter for Ministers. Any changes need to be proportionate and fair and HMRC will continue to liaise with HM Treasury on this.
35. HMRC explained that the APSS105 (relief at source interim claim) and the APSS106 (relief at source annual claim) have been updated to include sections for details of members who are Welsh taxpayers.
36. HMRC has also published the new APSS590 Pension scheme administrator declaration: Annual return of information form. This is a print and post iForm but HMRC explained that scheme administrators can submit this with an electronic signature. HMRC explained on the last screen of the form when the option to print the form is selected, a new signature and date box is created. HMRC will accept the form without the second date completed and will accept the signature box completed electronically.
37. HMRC offered to email details of how to do this to any attendees/scheme administrators that are interested. Attendees should email reliefatsource.administration@hmrc.gsi.gov.uk and put 'relief at source – APSS590 electronic signature' in the subject line of their email.

Annual allowance

38. HMRC has updated the annual allowance calculator to include the 2019 to 2020 tax year and has made some changes to the annual allowance GOV.UK content. HMRC explained that this involves taking out more complex annual allowance content from the basic mainstream guidance and creating specialist member guides.
39. HMRC explained that this is a work in progress and work will continue over the coming months.
40. Attendees explained that they value the guidance in the Pensions Tax Manual and asked if comments sent in will be considered. HMRC confirmed that all comments submitted on the Pensions Tax Manual are considered.
41. One attendee asked if reporting should continue on the old service for now. HMRC confirmed that this is the case for pension schemes registered on the old service.
42. One attendee explained that some pension scheme members who flexibly access their defined contributions pension benefits are getting caught out by the money purchase annual allowance and asked if HMRC could do anything

to raise awareness of this.

43. HMRC explained work is continuing on restructuring the current annual allowance guidance on GOV.UK and that at the beginning of the year a guide about the money purchase annual allowance was published on GOV.UK. HMRC explained that when the current mainstream guidance on annual allowance is updated, it will link out to this guide. This work is with the publishers and should be published shortly.

Action point 2 – HMRC to circulate a link to the new specialist guidance on the money purchase annual allowance

Closed – the specialist GOV.UK content can be found at

<https://www.gov.uk/guidance/work-out-your-allowances-if-youve-flexibly-accessed-your-pension> .

Agenda Item 4 Reporting non-taxable death benefits

44. HMRC explained that reporting non-taxable death benefits is on a voluntary basis for scheme administrators. HMRC has updated its systems to enable reporting these payments but explained that given the difficulties in getting legislative changes through Parliament ahead of EU Exit, the legislation has not been updated to require these to be reported.
45. Attendees asked if HMRC intends this reporting to become mandatory and asked when this would be. HMRC currently has no timeline for this but will include it on the agenda for the next Pensions Industry Stakeholder Forum and hopes to be in a position to provide more information.
46. One attendee asked for guidance in the Pensions Tax Manual about how to report these payments. HMRC explained that the Pensions Tax Manual provides guidance on pension tax legislation and because there's currently no legislative requirement to report non-taxable death benefits, there's nothing in the Pensions Tax Manual about these payments.
47. Attendees asked if HMRC could add something into the Pensions Tax Manual to confirm that currently the reporting of these payments is voluntary.

Action point 3 – HMRC to consider guidance that can be included in the Pensions Tax Manual on reporting non-taxable lump sum death benefits

48. Attendees asked what HMRC uses the information on these payments for and whether HMRC tracks payments through to the individual for individual compliance purposes to find out what people are doing with the money.
49. HMRC explained that this wasn't the case. HMRC uses this information to make sure the current process is delivering the original policy and is working

as intended. This also provides useful statistics to help inform future policy.

50. One attendee commented that this information could link through to the pension dashboard. HMRC will consider this.

Agenda Item 5 GMP Equalisation

51. HMRC explained in Pension Schemes Newsletter 108 that a working group is being formed to consider the pension tax issues that may arise as result of GMP equalisation. The first meeting of the group will take place at the end of April 2019.

52. HMRC is aware of a number of pension tax issues that have been raised regarding the equalisation of GMPs and these include the lifetime allowance (LTA) and LTA protections, annual allowance, deferred member carve-out as well as transfers and lump sum payments, for example trivial commutation and serious ill health lump sums.

53. HMRC explained that the working group will consider and test suitable approaches and solutions to resolving those issues identified. This will include the use of the current legislation and guidance, identifying any potential unintended tax consequences, providing evidence to support possible changes and easements as well as quantifying any administrative burdens or impacts on schemes and members.

54. HMRC wishes to provide certainty and clarity as soon as possible and is willing to take a pragmatic approach to issues arising but needs to ensure that any solutions or changes are proportionate and fair, whichever method a scheme chooses to use to equalise scheme benefits.

55. HMRC feels that to be as effective as possible, members of the working group should be small and drawn primarily from pension industry representative bodies to ensure a broad input from across the industry. HMRC will include members of an existing industry working group that is already looking at GMP equalisation, so membership of the group will include:

Association of Consulting Actuaries
Association of British Insurers
Association of Pension Lawyers
Chartered Institute of Taxation
Society of Pension Professionals
Pensions Management Institution
Pensions and Lifetime Savings Association
Local Government Association

56. HMRC will keep membership under review as the work of the group develops.

57. HMRC is not seeking to replicate the work being undertaken by other groups but will work closely with them. This includes Department for Work and

Pensions GMP Conversion Group and the GMP Equalisation Working Group.

58. One attendee asked what plans HMRC has to communicate the outcomes from the group. HMRC confirmed that it will use existing channels and products to communicate messages regarding GMP equalisation which will include updates in pension schemes newsletters. HMRC will also consider publishing special editions of the newsletter as appropriate. The Pensions Tax Manual will also be updated as necessary.

Agenda Item 6 Any other business

Overseas Transfer Charge

59. One attendee asked about the overseas transfer charge exemptions and EU Exit. HMRC said that this was something for Ministers to consider but they were unlikely to do so until there's certainty over EU Exit. But as with all legislation, HMRC will keep this under review and will provide updates through pension schemes newsletters and other channels.

Indian QROPS

60. One attendee asked about Indian qualifying recognised overseas pension schemes (QROPS) and the ROPS Notifications List. Some Indian QROPS have been removed from the list but believed that there are still some Indian QROPS on the list that may not meet the pension age test.
61. HMRC explained that it constantly reviews the list alongside information on overseas schemes rules and relevant legislation. Schemes that meet the requirements to be a QROPS and who opt onto the list are included on the list. For schemes that advise HMRC they don't meet the requirements to be a QROPS or if HMRC discovers that the overseas scheme doesn't meet these requirements, HMRC will remove the overseas scheme from the ROPS Notifications list.
62. HMRC asked that if scheme administrators have evidence that members are being paid pension benefits under age 55, they send this to HMRC to consider.

Hymanson First Tier Tribunal case

63. One attendee asked HMRC for an update following the Hymanson First Tier Tribunal case. HMRC explained that it has appealed the decision and the appeal has been listed on the upper tribunal list and HMRC is waiting for a date.
64. Attendees asked if HMRC has any indication of the timescale for this. HMRC has no information on the timescale.

65. Attendees asked if there will be any updates to the guidance before the appeal HMRC won't update the guidance before this.
66. Attendees asked HMRC to provide examples of what would be genuine errors as there's uncertainty over what constitutes a genuine error. HMRC explained that it has nothing more to add to existing guidance at this stage.

[HMRC update: due to the particular circumstances of this case, it is not now appropriate to continue with the appeal to the Upper Tribunal.

Hymanson was a First Tier Tribunal case and as such does not set a legal precedent. It remains HMRC's position that the appropriate forum for questions of mistake are the administrative courts and it is not appropriate for questions of mistake to be taken before the First Tier Tribunal.]

State pension and lump sums

67. One attendee asked about pre 2016 state pensions in respect of people with deferred lump sums. The attendee explained that some individuals were misinformed about the tax position on lump sums and felt it would be helpful to meet to discuss this.
68. HMRC explained that this would be something that the Department for Work and Pensions would deal with alongside the HMRC Income Tax Teams.

Action point 3 – HMRC to provide the attendee with a contact

Closed – the attendee was advised to submit the query to the Pensions Policy Team mailbox at pensions.policy@hmrc.gov.uk in the first instance and HMRC will forward this to the correct department for a response.

Death benefits

69. An attendee explained an issue where the scheme member has died and the scheme administrator holds a historic expression of wish that is different to the will of the deceased member. The attendee asked if there was any guidance on this.
70. HMRC stated that this isn't a tax issue but will discuss offline with the attendee.

Annual allowance

71. Attendees outlined the ongoing issues caused by the complicated annual allowance rules and referred to the issues for GPs that was debated in Parliament. Attendees explained that some clients can afford to pay an adviser to help with their tax affairs but other pension scheme members can't

afford this.

72. Another attendee explained that they'd been working on a submission to capture the difficulties surrounding annual allowance relating to local authority pension schemes/scheme members.

In specie contribution appeal

73. One attendee asked if HMRC has any information or a date on the in specie contribution appeal. HMRC expects the appeal hearing to take place in July 2019.

EU Exit and withholding tax rates

74. One attendee outlined the work they'd been doing on withholding tax rates in the event of a hard EU Exit and offered to share tables of these with HMRC. HMRC welcomed sight of these.

Feedback on the Pensions Industry Stakeholder Forum

75. HMRC welcomed feedback on the Pensions Industry Stakeholder Forum and explained it will circulate some questions with the minutes from the forum.
76. HMRC expects the next Pensions Industry Stakeholder Forum to be held in October 2019.