

Newsletter

Contents

- [1. Fixed Protection 2014 applications](#)
- [2. Arrears of annuities](#)
- [3. Pension Scheme Registration](#)
- [4. Registered Pension Schemes Manual updates](#)
- [5. Pension scheme transfers](#)
- [6. New email address for queries relating to our processes](#)

1. Fixed Protection 2014 applications

The window for applying for Fixed Protection 2014 closed on 5 April 2014. We received

KANA forms: 32,823
Paper forms: 16,659
Total: 49,482

To date we have received 28 late applications.

2. Arrears of annuities

HMRC has been made aware that some lifetime annuity contracts have been set up under which the annuity provider agrees to backdate the periodic payments to the member to the date from which that member would have had the right to be paid a pension under the scheme rules; the annual rate of the lifetime annuity reflects that it is effectively being paid for longer. Until we became aware of this, it had been our understanding that the annuity provider would only consider itself to be contractually bound to pay the annuity for the future period starting from the date the contract was made.

So, on the basis that it is possible to backdate the regular annuity payments, the question then arises as to whether a payment of arrears is authorised for the purposes of the pension tax rules. To qualify for tax treatment as a lifetime annuity, an annuity must satisfy the conditions in paragraph 3 of Schedule 28 Finance Act

2004. One of these conditions is that 'the amount of the annuity must not decrease' (paragraph 3(1)(d)).

We consider that contractual annuity income in respect of a period before the annuity was set up could be paid without breaching this requirement. In our view, the 'amount of the annuity' is the amount regularly paid as annuity income. Depending on the circumstances, annuity income can be paid at different intervals, for example, monthly or annually. Where an amount of arrears in respect of a period before the contract was set up is paid at the time the annuity starts, we would not consider that the 'amount of the annuity' had decreased, if the amount paid in respect of the earlier period was paid at the same rate pro rata as the payments made going forward.

For the avoidance of doubt, our guidance set out in the Registered Pension Schemes Manual (RPSM) on page RPSM11102050 (meaning of 'entitlement' for the purposes of the tax rules) is not affected by this clarification. The 'entitlement' to the lifetime annuity still arises when all the necessary steps have been taken. The entitlement to the pension commencement lump sum therefore still arises immediately before that time, and it can be paid up to six months before that date (or 12 months afterwards).

Arrears of lifetime annuity can be considered to be authorised pension payments under section 165 Finance Act 2004 where the amount of the periodic payment is not decreased, as set out above. We are considering whether any changes need to be made to our guidance in RPSM in order to clarify our interpretation. If any changes are needed, we will include these in the next RPSM update (likely to be in autumn 2014).

3. Pension Scheme Registration

Since the changes to the registration process which took effect from 21 October 2013 we have seen an increase in telephone calls and post relating to registering a new pension scheme.

You can find more information on registering a pension scheme in the [Online User Guide](#).

Some common questions that we are being asked are:

- **How to register a new pension scheme?** Chapter 6 of the Online User Guide provides guidance on registering a pension scheme. Please note that for all types of scheme, the scheme name cannot be the same as the administrator or establisher name. It should be the pension scheme name as shown on the establishing document. Please review your application carefully before submitting it to us.
- **On receipt of the APSS510 requesting a change of scheme details, how can the details be changed online?** Paragraph 9.12 of the Online User Guide provides guidance on how to amend your scheme details. Once you have made the changes requested in the APSS510 you should notify us of the change.
- **How to register a death in service/group life assurance scheme.** Paragraph 6.4 of the Online User Guide provides guidance on registering these types of schemes. The scheme name should always be the company name followed by either Death in Service or Group Life Assurance Scheme.

- **How to obtain a Pension Scheme Tax Reference (PSTR).** If you already have a pension scheme [find out how to get a PSTR](#).
- **How long will it take for HMRC to make a decision whether to register a scheme or not?** How quickly a decision is made on whether to register a pension scheme will depend on a number of factors, including how quickly you respond to any enquiries we raise in respect of the application to register the pension scheme.

[Find more guidance on registering a pension scheme, including application review](#)

- **How can I find out whether my application to register a scheme has been successful?** You can check this on Pension Schemes Online by entering your submission reference number. The status of your application will be shown under registration.

If after reading this, you still have further questions then please write to us at:

Pension Schemes Services
Fitz Roy House
Castle Meadow Road
Nottingham
NG2 1BD

In your letter please state the pension scheme name, submission reference and the purpose of your letter.

4. Registered pension schemes manual (RPSM) updates

We updated the RPSM on 3 April 2014.

[RPSM updates 3 April 2014](#)

5. Pension scheme transfers

Since the changes to the transfer scheme status request process which took effect from 21 October 2013 we have had a number of queries regarding the issue of a request for more information and HMRC's timescale for response.

As explained in guidance, upon receipt of a request to confirm the status of a pension scheme, if we identify any concerns we will contact the receiving scheme before issuing a response to the transferring scheme. This gives the receiving scheme the opportunity to resolve any issues before we respond to the scheme that made the request.

A scheme receiving such a request will be given 45 days to respond to HMRC and we then have three months from the date of receipt of the information to issue a response to the transferring scheme.

[More information on the transfer process and the responses HMRC may issue](#)

6. New email address for queries relating our processes

Pension Schemes Services (PSS) has set up a new email address for any process related queries. The address is pensions.businessdelivery@hmrc.gsi.gov.uk

You can now use this mailbox

- for general queries about PSS processes, or
- to report any issues you may be experiencing with PSS processes, tools or products

If you are submitting queries to this email address, please note that our standard turnaround time of 15 working days will apply.

For help with anything else you can find details of how to contact us at [Pension scheme enquiries](#)