

Filling in the 'Estate Pension Charges etc' page

These notes will help you fill in the 'Estate Pension Charges etc' page of your Trust and Estate Tax Return.

The 'Estate Pension Charges etc' page applies only to certain payments the estate has received from registered pension schemes (called 'UK pension schemes' on the 'Estate Pension Charges etc' page) and from certain overseas pension schemes.

Do not use the 'Estate Pension Charges etc' page for State Pension (or Additional State Pension) the estate has received.

Because the use of this page will be rare, we do not go into a lot of detail in these notes, but just give a brief overview. Also, you may have a tax adviser to help you fill in this page. If tax charges apply to an unauthorised payment from a registered pension scheme, the scheme administrator of that pension scheme will tell you. But the administrator of an overseas pension scheme which is not a registered pension scheme does not have to tell you of your liability to any of the tax charges on this page. They also do not need to take off any UK tax from payments made to the estate for a deceased scheme member.

Detailed information about the tax charges arising from UK tax-relieved pension savings, whether in registered pension schemes or overseas pension schemes, is in the Pensions Tax Manual (PTM) which you can find at www.gov.uk/government/collections/hmrc-manuals

Broadly speaking, the tax provisions apply to certain overseas pension schemes, which are not registered pension schemes, in the same way as they do to registered pension schemes. But the provisions are modified in various ways for these overseas schemes. If you've received a payment from an overseas pension scheme, read from PTM113000.

Tax charges arising from unauthorised payments and transfers by UK or overseas pension schemes

- Overseas transfer charge

The overseas transfer charge arises on certain transfers to a qualifying recognised overseas pension scheme (QROPS) from a registered pension scheme, QROPS or former QROPS that were requested on or after 9 March 2017.

Liability to the overseas transfer charge may also arise for a transfer to a QROPS that was not originally taxable for a limited period of time after the transfer if there is a change in circumstances.

The overseas transfer charge is 25% of the 'transferred value' of the transfer. The 'transferred value' is not simply the amount of the transfer. Both you and the scheme administrator (or scheme manager) are jointly liable to pay the tax charge.

If a transfer is liable to the overseas transfer charge, the registered pension scheme administrator or QROPS scheme manager will tell you if the tax charge is due, the amount of the tax charge, and how much tax they have paid, or are going to pay to HMRC.

box 23.1 Enter the 'transferred value' of the transfer. You will have been given this information by the registered pension scheme, the scheme administrator or QROPS scheme manager.

box 23.2 Enter the amount of tax charge that the pension scheme administrator or manager has paid to HMRC. The registered pension scheme administrator or QROPS scheme manager will have given you this information.

Unauthorised payment charges

- Amount of unauthorised payments

Do not include any unauthorised payments in boxes 23.3 and/or 23.4 if you've given authority to the pension scheme administrator to withhold the tax that you're due to pay for that payment and for the scheme administrator to pay it over to us on your behalf.

Otherwise, if the estate received any unauthorised payments in the tax year, fill in boxes 23.3, 23.4 and 23.5, as appropriate.

By 'unauthorised payment' we mean either:

- a payment which is specifically prescribed in the pensions tax legislation as being an unauthorised payment for a scheme member
- any other payment made by a registered pension scheme, or from UK tax-relieved funds by an overseas pension scheme, for a scheme member, which is not specifically prescribed as being an authorised payment in the pensions tax legislation

This includes any unauthorised payment received by the estate from any registered pension scheme or from UK tax-relieved funds in a relevant non-UK scheme (and not just unauthorised payments received for the deceased). 'Payment' includes monetary amounts, transfers of assets, and any other transfer of money's worth.

If the estate received an unauthorised payment from a registered pension scheme, a deduction might be made from it to cover a tax liability that the scheme administrator also has for the same payment. When such a deduction is made, the amount of the unauthorised payment you must enter in the appropriate box on the 'Estate Pension Charges etc' page is the amount before the deduction. For example, if the unauthorised payment would have been £100 but £85 is paid instead, because an amount of £15 has been deducted, you must enter £100 in the appropriate box. The scheme administrator of the pension scheme will tell you if they have made such a deduction.

- Unauthorised payments charge

If the estate has received an unauthorised payment from a registered pension scheme or from UK tax-relieved funds in a relevant non-UK scheme, the personal representatives are liable to an Income Tax charge of 40% of the value of the unauthorised payment. This charge is known as the unauthorised payments charge.

If the payment was made by a registered pension scheme, the scheme administrator will have said if it was an unauthorised payment, and if the unauthorised payments surcharge also applied to it.

- Unauthorised payments surcharge

An unauthorised payments surcharge applies where the amount of the unauthorised payments made to or for a member in a surcharge period (see below) reaches a set 'surcharge threshold'. Broadly, this is where the amount of the unauthorised payments reaches 25% of the value of the member's rights under the registered pension scheme making those payments. If payment is made by an overseas pension scheme, the threshold is 25% of the value of the member's UK tax-relieved funds under the scheme.

- Unauthorised payments surcharge period

A surcharge period starts on the date that the first unauthorised payment was made by a registered pension scheme (or relevant non-UK scheme) to, or for, the member and ends either 12 months after that date or on the day on which the surcharge threshold is reached, if earlier.

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box 23.3 If the estate has received an unauthorised payment from a registered pension scheme or from UK tax-relieved funds in a relevant non-UK scheme, and the payment is not subject to the unauthorised payments surcharge, enter the amount of the unauthorised payment in box 23.3.

box 23.4 If the estate has received an unauthorised payment from a registered pension scheme or from UK tax-relieved funds in a relevant non-UK scheme, and the payment is subject to the unauthorised payments surcharge, enter the amount of the unauthorised payment in box 23.4. Do not enter the amount in box 23.3.

- Credit for foreign tax paid

As the tax charges on the 'Estate Pension Charges etc' page are not charges on income, they are not exempted by any of the UK's Double Taxation Agreements. However, you can receive credit for any foreign taxes paid on an unauthorised payment from UK tax-relieved funds in a relevant non-UK scheme. The amount of your liability to UK tax can be reduced by the amount of any tax paid for that payment under the law of a country or territory outside the UK.

box 23.5 If you've paid foreign tax on unauthorised payments from UK tax-relieved funds in a relevant non-UK scheme that you've entered in boxes 23.3 and/or 23.4, enter the sterling equivalent of the tax paid in box 23.5. Add the amounts together where foreign tax has been paid on both types of payment. Convert the tax paid into pound sterling at the rate of exchange prevailing on the date of each tax payment.

If you pay the UK tax charges covered at boxes 23.3 and 23.4 but at a later date you pay tax for the payment from the overseas scheme under the law of the country or territory outside the UK, you can then make a claim for an appropriate adjustment to be made to your liability to UK tax.

Taxable lump sum payments from overseas pension schemes

- Taxable authorised lump sum payments from overseas pension schemes

If the deceased left pensionable service in a relevant non-UK scheme before their death, and after their death the estate has received a refund of the UK tax-relieved contributions made to that scheme by the deceased, the estate is liable to a tax charge on that refund.

The amount of tax due is:

- 20% on the first £20,000
- 50% on any amount over £20,000

box 23.6 Enter the amount of the refund received by the estate in box 23.6.

- Taxable lump sum payments

Most lump sum death benefits are free of tax when the member died before reaching age 75 and the benefit was paid within 2 years of the pension scheme being aware of the death. The rules for each type of lump sum death benefit are set out from PTM073000.

Where you've received a lump sum death benefit paid from UK tax-relieved funds in a relevant non-UK scheme, where a member of that scheme died after reaching age 75, or the payment was outside the 2 year period, or it is not otherwise free of tax, you're liable to a tax charge called the special lump sum death benefits charge.

These notes are for guidance only and reflect the position at the time of writing. They do not affect the right of appeal.

The tax charge is at the rate of 45% on the amount of the benefit payment received during 2023 to 2024.

box 23.7 Enter the amount of the payment received by the estate in box 23.7.

- Credit for foreign tax paid

As the tax charges on the 'Estate Pension Charges etc' page are not charges on income, they are not exempted by any of the UK's Double Taxation Agreements. However, you can receive credit for any foreign taxes paid on a payment you've entered in boxes 23.6 and/or 23.7. The amount of your liability to UK tax can be reduced by the amount of any tax paid for that payment under the law of a country or territory outside the UK.

box 23.8 If you've paid foreign tax on payments you've entered in boxes 23.6 and/or 23.7, enter the pound sterling equivalent of the tax paid in box 23.8. Add the amounts together where foreign tax has been paid on any of those types of payment. Convert the tax paid into pound sterling at the rate of exchange prevailing on the date of each tax payment.

If you pay the UK tax charges covered at boxes 23.6 and 23.7 but at a later date you pay tax for the payment from the overseas scheme under the law of the country or territory outside the UK, you can then make a claim for an appropriate adjustment to be made in your liability to UK tax.

There is also a working sheet on page EPCN3 of these notes to help you work out your tax bill. Copy the boxes on the 'Estate Pension Charges etc' page to the appropriate boxes in the working sheet. The working sheet will take you through all the necessary steps to get to the estate's total pension savings tax charges. Copy the figure in box 27 of the working sheet to box 17.10 on the Trust and Estate Tax Return.

Notes on ESTATE PENSION CHARGES ETC

Estate Pension Charges etc working sheet

Use this working sheet to work out the figures to put into the pension charges boxes in the Trust and Estate Tax Return. If any box on this page is negative, then substitute zero.

Overseas transfer charges

Value of pension benefits transferred subject to the overseas transfer charge	from box 23.1 1 £	box 1 x 25% 2 £
Tax paid by the pension scheme	from box 23.2 3 £	lower of box 2 and box 3 4 £
		box 2 minus box 4 5 £
		Overseas transfer charge due

Unauthorised payments

'Not subject to Surcharge' amount	from box 23.3 6 £	box 6 x 40% 7 £
'Subject to Surcharge' amount	from box 23.4 8 £	box 8 x 55% 9 £
		box 7 + box 9 10 £
		Unauthorised payment charge and surcharge
Foreign tax paid	from box 23.5 11 £	lower of box 10 and box 11 12 £
		box 10 minus box 12 13 £
		Unauthorised payment charge and surcharge due

Taxable lump sum payments from overseas pension schemes

Taxable short service refund of contributions from an overseas pension scheme	from box 23.6 14 £	15 £ 20,000
	lower of box 14 and box 15 16 £	box 16 x 20% 17 £
	box 14 minus box 16 18 £	box 18 x 50% 19 £
		box 17 + box 19 20 £
		Short service refund charge
Taxable lump sum death benefit payment from an overseas pension scheme	from box 23.7 21 £	box 21 x 45% 22 £
		box 20 + box 22 23 £
Foreign tax deducted	from box 23.8 24 £	lower of box 23 and box 24 25 £
		box 23 minus box 25 26 £
		Tax due on taxable lump sum payments from overseas pension schemes
		box 5 + box 13 + box 26 27 £
		Total pension savings charges

copy box 27 to box 17.10 of the Trust and Estate Tax Return