



Minister for Pensions,
Steve Webb

New criteria for scheme administrators

From 1 September 2014, HM Revenue and Customs (HMRC) have new powers to refuse to register a new pension scheme or de-register an existing registered pension scheme where they believe that the scheme administrator (in the HMRC sense) is not a fit and proper person. The change is in response to concerns over pension liberation.

Schemes that are de-registered will be subject to a 40% tax charge on the aggregate value of the assets held within the scheme. Guidance on the new criteria may be found at www.hmrc.gov.uk/pensionschemes/fitproper-guidance.pdf.

VAT on investment services

Decisions made recently by the Court of Justice of the European Union (CJEU) have raised a number of questions relating to the VAT treatment of services provided to pension funds, in particular investment management services. The cases of PPG Holdings, a Dutch company (C-26/12) and ATP Pension Services, a Danish company (C-464/12) seem to conflict with the earlier UK case of Wheels Common Investment Fund Trustees and Others (C-424/11).

Wheels and PPG involved defined benefit schemes whereas ATP involved a defined contribution scheme. In ATP the CJEU held that some of the services supplied could qualify for exemption on the basis that the scheme in that case was a 'special investment fund'. Clients are therefore advised to contact their investment managers who may in turn wish to make a protective claim as VAT can only be recovered retrospectively for a maximum of four years. HMRC will be issuing further guidance on this matter in the autumn.

Company news

The People's Pension has become the first 'master trust' to receive independent assurance of compliance with the regulator's 'quality features' for defined contribution (DC) schemes under the voluntary framework developed by the Institute of Chartered Accountants of England and Wales (ICAEW).

This Update should not be relied upon or taken as an authoritative statement of the law. For more information, please contact us using the details shown.

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"HMRC takes the view that people involved in setting up a pension scheme will have given proper consideration to the suitability of their scheme administrator to act in that capacity"