A Parish Group guide to 'QNUPS' (Qualifying Non-UK Pension Schemes) and the Inheritance Tax (Qualifying Non-UK Pension Schemes) Regulations 2010.

Introduction

'QNUPS', should be a part of everyone's pension planning toolkit. They are open to UK residents and individuals domiciled in the UK. Under UK 'QNUPS' legislation they are an approved method which can ring fence a proportion of your assets outside of local inheritance tax. Parish Group has established a Guernsey based QNUPS which is available for both UK and non-UK residents alike.

Background

Legislation was passed in the UK in 2004 and made effective by HMRC in February 2010 in response to the EU pensions directive of 2003, designed to comply with the EU principles of the 'free movement of capital'.

Overseas pension schemes approved by HMRC's under the Inheritance Tax (Qualifying Non-UK Pension Schemes) Regulations 2010 [SI 2010/0051] - will not be subject to UK IHT unless there is evidence of deliberate tax avoidance.

QNUPS providers currently have no obligation to submit information to HMRC. Limits are not detailed on contributions to 'QNUPS' however contributions should not affect your standard of living and neither should the scheme be used for tax avoidance. Appropriate professional advice needs to be taken to support an application.

Eligibility

Quite simply anyone who wishes to make contributions for their future retirement can affect a 'QNUPS'. Contributions into your 'QNUPS' will not qualify for UK tax relief. Therefore you should optimise your qualifying contributions into a UK pension scheme before considering establishing a 'QNUPS'. Consideration should also be given to retirement and estate planning over and above the Pension Scheme Lifetime Allowance which dictates the maximum permissible value of a pension fund on which tax relief and inheritance tax exemption can be granted. This is currently set at £1.5m but will reduce to £1.25m from 6th April 2014.

Benefits

The benefits of a 'QNUPs' can be considerable and include wide investment powers such as the ability to invest into residential property, something that a UK pension or 'QROPS' is unable to do. As a pension scheme however the QNUPS must meet certain prescribed requirements at outset in order to adhere to benefit from HMRC recognition. The scheme must for example provide an income in retirement and the maximum permissible cash withdrawal is 30% of the pension fund.

Provided that these requirements have been met then the entire value of the pension fund will be considered exempt for UK Inheritance Tax Purposes, which is a considerable advantage over other traditional structures often used for investment purposes.

The Parish Group QNUPS

Since the type of assets which an individual may wish to invest into can be varied each plan will be priced on a bespoke basis after consideration of the frequency of investment and other administration functions.

For further information please contact us.

Contact Us

Parish Group
PO Box 142
15 North Plantation
St Peter Port
Guernsey
GY1 3HT

Tel: +44 (0)1481 729002
Email: info@parish-group.com
www.parish-group.com

PARISH GROUP