
STATUTORY INSTRUMENTS

2006 No. 206

The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2006

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2006 and shall come into force on 6th April 2006.

(2) In these Regulations a reference, without more, to a numbered section or Schedule is a reference to the section of, or Schedule to, the Finance Act 2004 which is so numbered.

Requirements of an overseas pension scheme

2.—(1) For the purposes of section 150(7) (meaning of overseas pension scheme) an overseas pension scheme must—

- (a) [^{F1}subject to paragraph (2A)] satisfy the requirements in paragraphs (2) and (3); or
- (b) be established (outside the United Kingdom) by an international organisation for the purpose of providing benefits for, or in respect of, past service as an employee of the organisation ^{F2}....

(2) This paragraph is satisfied if—

- (a) the scheme is an occupational pension scheme and there is, in the country or territory in which it is established, a body—
 - (i) which regulates occupational pension schemes; and
 - (ii) which regulates the scheme in question;
- (b) the scheme is not an occupational pension scheme and there is in the country or territory in which it is established, a body—
 - (i) which regulates pension schemes other than occupational pension schemes; and
 - (ii) which regulates the scheme in question; or

[^{F3}(c) sub-paragraph (a) is not satisfied by reason only that no such regulatory body exists in the country or territory; or]

[^{F4}(d) sub-paragraph (b) is not satisfied by reason only that no such regulatory body exists in the country or territory and—

- (i) the scheme is established in [^{F5}a] member State, Norway, Iceland or Liechtenstein; or
- (ii) there is in the country or territory in which the scheme is established a body—
 - (aa) which regulates providers of pension schemes; and
 - (bb) which regulates the provider for the purpose of establishing the scheme in question.]

[^{F6}(2A) An overseas public service pension scheme that falls within regulation 3(1B) is deemed to satisfy the requirements in paragraph (2).]

(3) This paragraph is satisfied if the scheme is recognised for tax purposes. A scheme is “recognised for tax purposes” under the tax legislation of a country or territory in which it is established if it meets the [^{F7}following conditions].

[^{F8}Condition 1]

The scheme is open to persons resident in the country or territory in which it is established.

[^{F8}Condition 2]

The scheme is established in a country or territory where there is a system of taxation of personal income under which tax relief is available in respect of pensions and—

(a) tax relief is not available to the member on contributions made to the scheme by the individual or, if the individual is an employee, by their employer, in respect of earnings to which benefits under the scheme relate; ^{F9} ...

[^{F10}(ab) the scheme is liable to taxation on its income and gains and is of a kind specified in [^{F11}Schedule 1] to these Regulations; or]

(b) all or most of the benefits paid by the scheme to members who are not in serious ill-health are subject to taxation.

For the purposes of this condition “tax relief” includes the grant of an exemption from tax.

[^{F8}Condition 3]

The scheme is approved or recognised by, or registered with, the relevant tax authorities as a pension scheme in the country or territory in which it is established.

^{F12} ...

^{F13}(4)

(5) In this regulation—

“international organisation” means an organisation to which section 1 of the International Organisations Act 1968 ^{M1} applies by virtue of an Order in Council under subsection (1) of that section;

“occupational pension scheme“ has the meaning given by section 150(5); and

^{F14} ...

F1	Words in reg. 2(1)(a) inserted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398) , regs. 1, 3(a)(i)
F2	Words in reg. 2(1)(b) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398) , regs. 1, 3(a)(ii)
F3	Reg. 2(2)(c) substituted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398) , regs. 1, 3(b)(i)
F4	Reg. 2(2)(d) inserted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398) , regs. 1, 3(b)(ii)
F5	Word in reg. 2(2)(d)(i) substituted (31.12.2020) by The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689) , regs. 1, 27(2) (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)

- F6** Reg. 2(2A) inserted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **3(c)**
- F7** Words in reg. 2(3) substituted (6.4.2012) by The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2012 (S.I. 2012/884), regs. 1(1), **3(2)(a)**
- F8** Words in reg. 2(3) substituted (6.4.2012) by The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2012 (S.I. 2012/884), regs. 1(1), **3(2)(b)**
- F9** Word in reg. 2(3) omitted (1.7.2007) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendment) Regulations 2007 (S.I. 2007/1600), regs. 1(1), **3(a)**
- F10** Words in reg. 2(3) inserted (1.7.2007) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendment) Regulations 2007 (S.I. 2007/1600), regs. 1(1), **3(b)**
- F11** Words in reg. 2(3) substituted (6.4.2012) by The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2012 (S.I. 2012/884), regs. 1(1), **3(2)(c)**
- F12** Words in reg. 2(3) omitted (6.4.2012) by virtue of The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2012 (S.I. 2012/884), regs. 1(1), **3(2)(d)**
- F13** Reg. 2(4) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **3(d)**
- F14** Words in reg. 2(5) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **3(e)**

Marginal Citations

- M1** 1968 c. 48: section 1(1) was amended by section 1(1) of the International Organisations Act 1981 (c. 9).

Recognised overseas pension schemes: prescribed countries or territories and prescribed [F15 requirements]

3.—[F16(1) For the purposes of section 150(8) (recognised overseas pension schemes), in addition to satisfying the requirements set out in regulation 2 above, the pension scheme must—

- (a) except where it falls within paragraph (1A), satisfy [F17the requirements in paragraphs (6) and (6A)]; and
- (b) satisfy F18...the following requirements—
 - (i) the requirement that the scheme must be established in a country or territory mentioned in paragraph (2), [F19and]
 - (ii) [F20for schemes established in Guernsey,] the requirement in paragraph (4) [F21.]
 - F22(iii)

(1A) A pension scheme falls within this paragraph if it is an overseas public service pension scheme or if it falls within regulation 2(1)(b).

(1B) A pension scheme is an “overseas public service pension scheme” for the purposes of paragraph (1A) [F23and regulation 2(2A)] if—

- (a) it is established in a country or territory outside the United Kingdom and is either—
 - (i) so established by or under the law of that country or territory, or
 - (ii) approved by the government of that country or territory; and

Changes to legislation: There are currently no known outstanding effects for the The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2006. (See end of Document for details)

(b) it is established for the purpose of providing benefits to individuals for or in respect of services rendered to that country or territory or any political subdivision or local authority thereof.]

(2) The countries and territories referred to in [F24] paragraph (1)(b)(i) are—

[F25](a) member States;]

(b) Iceland, Liechtenstein and Norway; and

[F26](c) any country or territory in respect of which there is in force an Order in Council under section 173 of the Finance Act 2006 or section 2 of the Taxation (International and Other Provisions) Act 2010 giving effect in the United Kingdom to an agreement which contains provision about the exchange of information between the parties.]

[F27](3)

[F28](4) At the time of the transfer of sums or assets which would, subject to these Regulations, constitute a recognised transfer, where the pension scheme is an exempt pension contract or an exempt pension trust within the meaning of section 157E of the Income Tax (Guernsey) Law, 1975, the scheme must not be open to non-residents of Guernsey.]

[F29](4A)

[F30](5) [F31]

(6) Where tax relief in respect of benefits paid from the scheme is available to a member of the scheme who is not resident in the country or territory in which the scheme is established, the same or substantially the same tax relief must—

(a) also be available to members of the scheme who are resident in the country or territory; and

(b) apply regardless of whether the member was resident in the country or territory—

(i) when the member joined the scheme; or

(ii) for any period of time when they were a member of the scheme.

[F32](6A) The benefits payable to the member under the scheme, to the extent that they consist of the member’s relevant transfer fund or ring-fenced transfer funds—

(a) are payable no earlier than they would be if pension rule 1 in section 165 applied; or

(b) if payable earlier, are only payable in circumstances in which they would be authorised member payments if they were made by a registered pension scheme.]

(7) For the purposes of paragraph (6) “tax relief”—

(a) is any tax relief that is available under the system of taxation of personal income in the country or territory in which the scheme is established; and

(b) includes the grant of an exemption from tax other than an exemption which applies by virtue of double taxation arrangements.

(8) In paragraph (7)(b) “double taxation arrangements” means arrangements made between the country or territory in which the scheme is established and another country or territory with a view to affording relief from double taxation.]

F15 Word in reg. 3 heading substituted (25.5.2012) by [The Pension Schemes \(Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes\) \(Amendment\) Regulations 2012 \(S.I. 2012/1221\)](#), regs. 1, **2(2)(a)**

F16 Reg. 3(1)-(1B) substituted for reg. 3(1) (with effect in accordance with reg. 2 of the amending S.I.) by [The Registered Pension Schemes and Overseas Pension Schemes \(Miscellaneous Amendments\) Regulations 2013 \(S.I. 2013/2259\)](#), regs. 1, **8**

- F17** Words in reg. 3(1)(a) substituted (6.4.2015) by The Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2015 (S.I. 2015/673), regs. 1, **3(a)**
- F18** Words in reg. 3(1)(b) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(a)(i)**
- F19** Word in reg. 3(1)(b)(i) inserted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(a)(ii)**
- F20** Words in reg. 3(1)(b)(ii) inserted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(a)(iii)(aa)**
- F21** Full stop in reg. 3(1)(b)(ii) inserted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(a)(iii)(bb)**
- F22** Reg. 3(1)(b)(iii) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(a)(iii)(bb)**
- F23** Words in reg. 3(1B) inserted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(b)**
- F24** Words in reg. 3(2) substituted (6.4.2012) by The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2012 (S.I. 2012/884), regs. 1(1), **4(b)(i)**
- F25** Reg. 3(2)(a) substituted (31.12.2020) by The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689), regs. 1, **27(3)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F26** Reg. 3(2)(c) substituted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(c)**
- F27** Reg. 3(3) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(d)**
- F28** Reg. 3(4) substituted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(e)**
- F29** Reg. 3(4A) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(f)**
- F30** Reg. 3(5)-(8) inserted (6.4.2012) by The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2012 (S.I. 2012/884), regs. 1(1), **4(d)**
- F31** Reg. 3(5) omitted (6.4.2017) by virtue of The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(g)**
- F32** Reg. 3(6A) substituted (6.4.2017) by The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) (Amendments) Regulations 2017 (S.I. 2017/398), regs. 1, **4(h)**

David Varney
Steve Lamey
Two of the Commissioners for Her Majesty's
Revenue and Customs

Changes to legislation:

There are currently no known outstanding effects for the The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2006.