
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make amendments to The Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2006 (S.I. 2006/206) (“overseas pension scheme regulations”), which prescribes the requirements for a scheme to be an overseas pension scheme or a recognised overseas pension scheme.

Regulation 3 removes what is known as the 70% rule from the overseas pension scheme regulations, which required the rules of a scheme to designate a minimum of 70% of the funds that have had UK tax relief to be used to provide the member with an income for life.

Regulation 3 also introduces a requirement that a provider of a scheme which is not an occupational pension scheme must be regulated by a body in the country where the scheme is established if there is no body which regulates schemes that are not occupational pension schemes and the scheme is not established within the European Economic Area.

Regulation 4 amends the requirements for a scheme to be an overseas public service pension scheme. Regulation 4 also enables the country in which the scheme is established to be a prescribed country if there is a tax information exchange agreement providing for the exchange of information between fiscal authorities in the United Kingdom and the overseas country or territory. It also allows a scheme the ability to pay benefits earlier than pension rule 1 provides but only where such payments would be authorised member payments if made by a registered pension scheme.

Regulation 5 removes Schedule 2 to the overseas pension scheme regulations.

A Tax Information and Impact Note covering this instrument was published on 5 December 2016 and is available on the HMRC website at <https://www.gov.uk/government/publications/foreign-pension-schemes>. It remains an accurate summary of the impacts that apply to this instrument.