
STATUTORY INSTRUMENTS

2010 No. 51

The Inheritance Tax (Qualifying Non-UK Pension Schemes) Regulations 2010

Recognition for tax purposes

5.—(1) A scheme is recognised for tax purposes under the tax legislation of a country or territory in which it is established if it meets both Primary Condition 1 and Primary Condition 2 and either Condition A or Condition B.

Primary Condition 1

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

Primary 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) (a) tax relief is not available to the member on contributions made to the scheme by the member or, if the member is an employee, by their employer, in respect of earnings to which benefits under the scheme relate;
- (b) (b) the scheme is liable to taxation on its income and gains and is of a kind specified in the Schedule to these Regulations; or
- (c) (c) 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.

Condition A

(2) 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.

Condition B

(3) If no system applies for the approval or recognition by, or registration with, relevant tax authorities of pension schemes in the country or territory in which it is established—

- (a) the scheme must be resident there;
- (b) the scheme rules must provide that at least 70% of a member's relevant scheme funds will be designated by the scheme manager for the purpose of providing the member with an income for life, or, in the case of a member who has died, so provided immediately before the member's death; and
- (c) the pension benefits payable to the member under the scheme (and any lump sum associated with those benefits) must be payable no earlier than they would be if pension rule 1 applied.

Changes to legislation:

There are currently no known outstanding effects for the The Inheritance Tax (Qualifying Non-UK Pension Schemes) Regulations 2010, Section 5.