

PRESS RELEASE



UK Tax office confirms Gibraltar's QROPS status

HMRC, the UK tax authority, has after three years of uncertainty, given the green light in writing to Gibraltar pension fund administrators to recommence offering QROPS (Qualifying Recognised Overseas Pensions Schemes).

This move follows changes made in June to the Gibraltar law governing local pension schemes that are eligible to receive transfers from UK pension schemes and to lengthy high-level discussions between members of the Gibraltar Association of Pension Fund Administrators (GAPFA), the Rock's Government and HMRC.

As a result, a senior HMRC official confirmed in a letter dated 31 August 2012 there is no HMRC objection to Gibraltar QROPS commencing or resuming the acceptance of transfers from UK registered pension schemes.

Steven Knight, GAPFA chairman, in a statement today (31 August) noted: "We have been confident that Gibraltar's schemes for imported pension schemes are fully compliant with the UK's intention to ensure that the majority of any fund is used solely for providing an income for life in retirement, and this official HMRC endorsement has made worthwhile our past voluntary suspension of activity in this area".

It is thought that Gibraltar is one of a limited number of jurisdictions to have received formal notification from HMRC that its QROPS meet the UK requirements. This will provide a greater degree of certainty for pension scheme members and their advisors than just reliance on a scheme being included on an HMRC website listing of notified schemes.

Earlier this year more than 350 QROPS in three jurisdictions were unexpectedly removed from the HMRC list as being unacceptable. None of the Gibraltar QROPS was affected.

Now Gibraltar is keen to ensure that there is no discrimination between services and products available to both residents and non-residents of Gibraltar. To ensure existing and future QROPS meet HMRC needs, GAPFA has been liaising with both Gibraltar Tax Office and the territory's Pensions Regulator and will also bear in mind continuing HMRC requirements.

Knight, who is also chairman of pensions specialist Castle Trust Group, said: "The Association is close to finalising an approved Code of Practice that will be compulsory for all members and this will help ensure that there are no grey areas."

Gibraltar requires that pension and acceptable pension commencement lump sum payments are limited to those over 55 years old and that pensions will be taxed at 2.5 per cent. At least 70 per cent of the fund will be applied to support for future pension payments. Transfers out of the Gibraltar schemes will only be permitted to jurisdictions with conditions at least as strong as those in Gibraltar.

"Further changes may become necessary - and the Code will be updated regularly - to ensure that members of the public and pensioners can have confidence in Gibraltar-based QROPS being managed to the highest standard possible", Knight said.

"Non-compliant rogue operators will not be able to use Gibraltar in any way," he emphasised.

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