



**Minutes of meeting held on 11 October 2018**

**Place: 100 Parliament Street, London SW1A 2BQ**

**Attendees:**

<b>Name</b>	<b>Company</b>
Paddy Millard	TOP
Katharine Lindley	ATT
Gareth Stears	Aries
Laura McSharry	Zurich
Richard Wyatt	CIOT
Michael Robey	NEST
Karen Goldschmidt	ACA
Carol Johnson	ABI
Susan Cattell	ICAS
Meredith McCammond	LITRG
Renny Biggins	TISA
Dave Sadler	Aviva
Brian Thorne	SPP
Paul Garwood	ICAEW
Clive Weber	APL
Vince Flanagan	ILAG
Tim Gosling	PLSA
Jo Gibson (Chair)	HMRC
Daniela Paul	HMRC
Anne Smith	HMRC
John Bhandal	HMRC
Mike Simmons	HMRC
Jason Price	HMRC
Sarah Mee	HMRC
Karen Smith	HMRC

Apologies from: Samantha Mann (CIPP), Zachary Gallagher (AMPS)

**Agenda Item 1 Introduction, domestics and actions**

1. The Chair welcomed attendees, introductions were given and domestics were covered.
2. The Chair explained that this would be her last Pensions Industry Stakeholder Forum as she was moving to a new role but that the forum

would continue with a new Chair.

3. There were no questions or comments from attendees on the last minutes.
4. HM Revenue and Customs (HMRC) explained that due to publishing restrictions leading up to budget the minutes will be circulated for comment and published after budget 2018.
5. HMRC referred to the action points from the last meeting - all action points were closed. HMRC provided an update on action point 2 explaining that in line with GOV.UK publishing standards GOV.UK guides shouldn't include links out to technical manuals.

For complex and specialist pension GOV.UK guides, HMRC will continue to request links through to guidance in the Pensions Tax Manual (PTM) but the decision whether to include these is with the GOV.UK content designers.

## **Agenda Item 2      Pensions Policy Team update**

6. HMRC explained that the Pensions Policy Team update would be short due to the upcoming budget.

### Overseas transfer charge

7. HMRC confirmed that work continues on draft regulations on the repayment of the overseas transfer charge if the transferring member's circumstances change after the charge has been paid.
8. HMRC explained EU Exit legislation is taking precedence, but HMRC is working on the draft regulations and intends to publish these for a short technical consultation. The timescales for doing this aren't clear. However HMRC will publish these as soon as possible.
9. One attendee asked about the position for members who transferred from the UK to another EU/EEA state before EU Exit but as a result of the UK leaving the EU/EEA might find themselves retrospectively subject to the overseas transfer charge.
10. HMRC couldn't comment on this as it will depend on EU/EEA freedoms and whether these will continue to apply to the UK following EU Exit.

### Master Trusts

11. Attendees expressed concern about the interaction of Department for Work and Pensions (DWP) and HMRC legislation if a Master Trust loses authorisation from The Pensions Regulator (TPR) and whether the

scheme would be de-registered. HMRC explained that if a Master Trust loses TPR authorisation, under the pension tax rules there are two options: either the scheme would wind up or HMRC would work with the scheme to help put things right.

12. HMRC explained that whilst it can de-register a scheme where TPR authorisation is no longer held, HMRC would always consider the impacts of de-registration on the employers and scheme members and the facts of the specific case.
13. One attendee was concerned that section 19 of the Pension Schemes Act 2017 allows TPR to de-authorise and Finance Act 2018 suggests that HMRC would automatically de-register.
14. HMRC confirmed de-registration would not happen automatically – HMRC has discretionary powers to de-register and will review each scheme and case on its own merits. HMRC explained it has robust governance around the process of de-registration and is unlikely to do anything that adversely affects scheme members if a scheme loses authorisation from TPR. If authorisation is lost due to scheme administration error HMRC would look to move the members elsewhere.
15. An attendee said that the PTM doesn't cover this specific point and a policy statement giving assurance to this would be appreciated. HMRC took an action to review this.

**Action point 1 – HMRC to consider guidance in the Pensions Tax Manual on de-registration.** Closed – HMRC has reviewed the PTM guidance and is satisfied with the current guidance on de-registration.

16. Attendees explained that some Master Trusts may not seek authorisation and will wind up and explained that no-one has gone through the authorisation process yet. Pension scheme administrators are concerned because they can only apply once for authorisation from TPR.

#### Draft Regulations

17. One attendee asked for an update on draft regulations relating to relief at source and reporting of non-taxable death benefits.
18. HMRC explained that any legislative changes are unlikely at this time due to EU Exit. HMRC is looking at these and will keep stakeholders updated if there are any changes.
19. Another attendee asked if there is HMRC resource to provide guidance prior to legislative changes.

20. HMRC explained that it can only publish guidance that reflects the legislation but will continue to update HMRC guidance through this period.

### **Agenda Item 3 Pensions Project Team Update**

#### Manage and Register Pension Schemes service

21. HMRC explained that the Manage and Register Pension Schemes service was launched on 4 June 2018. From June 2018 scheme administrators have been able to register as an administrator and apply to register a pension scheme through the new service. HMRC confirmed that the service was updated on 1 October 2018 to align with Master Trust legislation.
22. HMRC explained that associated guidance had been updated to reflect this.
23. From mid-November 2018 HMRC will introduce additional functionality onto the service so that existing scheme administrators can invite another scheme administrator to administer a scheme.
24. HMRC explained that if the invited scheme administrator takes no action within 30 days, the invite is cancelled and the original scheme administrator would have to send out a new invite. This stops associated scheme administrators with no access from remaining on a scheme's record.
25. Also, HMRC confirmed new 'view' functions will be added to the service from November 2018. Any pension scheme administrators that registered through the service will be able to view their details on the service. Likewise scheme administrators will be able to view the details of any of their schemes where the application to register was made through the service (so those made on or after 4 June 2018).
26. HMRC explained that from December 2018/January 2019 scheme administrators will be able to amend these details through the service. HMRC will update customers through pension schemes newsletters as additional features become available.
27. From February 2019 onwards HMRC will start work on phase 2 of the service to start to develop reporting functions to introduce onto the service later in the year. This will include:
- accounting for tax (AFT) returns,
  - event reports,
  - pension scheme returns
  - lifetime allowance changes.

28. HMRC had aimed to hold workshops in November 2018 to discuss this in more detail but will now hold these early next year. The workshops will inform the design and development of these new features and will cover what the reporting features look like and timelines.
29. HMRC will contact stakeholders that previously attended these workshops but if any members of the Pensions Industry Stakeholder Forum who haven't previously attended want to attend, they should email [pensions.businessdelivery@hmrc.gsi.gov.uk](mailto:pensions.businessdelivery@hmrc.gsi.gov.uk) and put 'Manage and Register Pension Schemes service – Workshops' in the subject line of their email.
30. One attendee asked how scheme administrators of an existing scheme on the Pension Schemes Online service, associate a new administrator?
31. HMRC explained that until existing schemes and administrators migrate from the Pension Schemes Online service to the Manage and Register Pension Schemes service, the new scheme administrator should contact Pension Schemes Services.
32. HMRC currently expect migration to the Manage and Register Pension Schemes service to take place around October 2019.
33. One attendee asked about the length of time it's taking for HMRC to decide to register a pension scheme.
34. HMRC will publish the next set of six monthly registration statistics in the October 2018 pension schemes newsletter along with the quarterly statistics on pension flexibility.
35. HMRC explained that whilst applications to register pension schemes have reduced, it's taking longer to deal with these. This is because the team that deals with processing applications to register pension schemes is also dealing with an increase in requests for confirmation of the receiving scheme's registration status in cases where a member is transferring between pension schemes.
36. HMRC reminded attendees that scheme administrators should only contact HMRC in cases of transfer if they have concerns about the receiving scheme's registration status. They don't need to do this in every case. HMRC expect pension scheme administrators to carry out their own checks when deciding whether or not to make a transfer. If the scheme administrator is satisfied that the receiving scheme is a registered pension scheme they may make the transfer without contacting HMRC for confirmation of the registration status.
37. As part of the process for considering applications to register a pension scheme with HMRC, HMRC may write to the scheme administrator if it has further questions about the application. HMRC will set out the information that the scheme administrator must provide as part of the

application review.

38. HMRC explained that scheme administrators should wait and check the information that HMRC has asked for to make sure that they send the right information.
39. HMRC asked attendees to pass onto their members that they shouldn't pre-empt what HMRC will ask for because this can cause delays in reviewing the applications, as HMRC then has to go back to the pension scheme administrator for the correct information. Instead HMRC explained that scheme administrators should wait until they receive the information notice and then send the information requested.
40. If scheme administrators don't provide the information asked for, HMRC will reject the application to register the pension scheme and the scheme administrator may have to submit their application again.
41. HMRC acknowledged that as a result of this, reviewing applications to register is taking longer but HMRC attendees confirmed they are working with operational teams to streamline the process and where possible improve timescales.
42. HMRC explained that on the Manage and Register Pension Schemes service, updated scheme statuses have been added to help scheme administrators track the progress of their application through the service more accurately. New applications have a status of 'Pending'.
43. If HMRC asks for more information the scheme will have a status of 'Pending - information required'. Once HMRC has received this information, the status will show as 'Pending - information received'.

#### Non-Taxable Death Benefits

44. HMRC confirmed that the fix for reporting non-taxable death benefits will go live on the 17 October 2018. HMRC will publish more information in the pension schemes newsletter due for publication at the end of October 2018. HMRC will email forum members as well as customers who have requested an email update. HMRC aims to update CWG2 guidance on the fields that should be reported.
45. One attendee asked what HMRC's expectation is on reporting these payments once the fix is live. Attendees said that some scheme administrators had amended their systems to stop reporting payments and may need time to unwind this and test systems before recommencing reporting.
46. HMRC knows that it may take time for scheme administrators to start to report these payments again, but wants to encourage the reporting of these once processes and systems have been updated. HMRC expects

that there will be a steady increase in payments being reported as people update their systems.

### RAS and Devolution

47. HMRC confirmed that Welsh Income Tax changes to introduce the C code to HMRC systems are currently being made.
48. HMRC confirmed that letters will be issued to Welsh residents shortly to let them know that they're likely to get a C code.
49. HMRC also confirmed that the notification of residency status report available for scheme administrators to download in January 2019 will provide a Welsh residency status (a 'C' on the notification of residency status report) for the first time.
50. HMRC knows that some scheme administrators may not be able to accept the C code straight away so for the 2019 to 2020 tax year they can default to 'rest of UK'. From 2020 to 2021 onwards this will be mandatory.
51. HMRC explained that work continues on some changes to the notification of residency status report including the changes relating to the National Insurance number suffix. HMRC will keep scheme administrators updated on progress with this through pension schemes newsletters.
52. HMRC also explained that the annual return of information for relief at source schemes is being updated to incorporate the changes in the relief at source regulations.
53. These changes to the annual return of information will include additional columns to play back the residency status that pension scheme administrators used in the previous tax year and to include a reason for no National Insurance number, as well as remove columns that are no longer needed.
54. HMRC knows that scheme administrators may not have time to update their systems to provide this information for the 2018 to 2019 annual return of information, due by July 2019. Scheme administrators can either submit this based on the existing Electronic File Flat Text Specifications and spreadsheet or on the updated version due for publication shortly.
55. HMRC will publish the updated annual return of information spreadsheet and Electronic File Flat Text Specifications alongside the current documents as soon as possible.
56. HMRC is also working to finalise the technical specifications for the notification of residence status report files that pension scheme administrators of relief at source schemes will receive from HMRC in

January 2019. Once this has been finalised, HMRC will send this out to the email mailing list.

57. HMRC asked that if there are any scheme administrators who want to be added to this mailing list, they should email [pensions.businessdelivery@hmrc.gsi.gov.uk](mailto:pensions.businessdelivery@hmrc.gsi.gov.uk) and put 'Residency report technical specifications' in the subject line of their email.
58. Attendees asked if HMRC plans to look at low earning taxpayers in schemes operating the net pay arrangement.
59. HMRC explained that this formed part of the DWP consultation on how to address the relief at source/net pay anomaly. HMRC confirmed that it considers this every time it revisits the relief at source process.
60. One attendee explained that a letter from the pensions industry was recently sent to the Chancellor and HM Treasury.
61. Another attendee asked what the timetable is for looking at 21% intermediate rate taxpayers. HMRC replied it will review this too but not in the coming tax year.
62. Attendees asked if the current process for Scottish taxpayers would continue for 2019 to 2020.
63. HMRC can't confirm this because the 2019 to 2020 rates will not be announced until the Scottish Budget and won't be ratified until early 2019.
64. HMRC confirmed that the current solution will only work if the Scottish Income Tax rates/bands are kept as they are.
65. HMRC explained that if there are any changes to the Scottish Income Tax rates/bands, processes will need to be reconsidered. HMRC don't know what changes may need to be made at this stage.
66. HMRC is waiting for the Scottish & Welsh budgets and will provide updates as soon as information is available.
67. An attendee explained they had submitted a budget representation about tax relief through the net pay arrangement and is happy to circulate to other interested forum members.
68. Another attendee said that when HMRC publishes different or updated versions of the Electronic Flat Text File Specifications and technical specifications currently changes made from earlier versions aren't highlighted. The attendee asked if HMRC could highlight changes as it would help pension scheme administrators quickly identify the changes they need to make to their processes.



69. HMRC explained that this is difficult to do on GOV.UK but will explore if this could be done outside of the published guidance.

**Action point 2 – HMRC to review and if possible identify changes to technical specifications to help pension scheme administrators.** Closed – HMRC listed the changes made to the technical specifications for the notification of residence status report when these were circulated in December 2018. HMRC will continue to signpost changes made to technical specifications when these are circulated or published in the future.

### Lifetime Allowance

70. HMRC explained that applying for lifetime allowance protection is available on the existing lifetime allowance online service but that members can't withdraw lifetime allowance protection on this service.

71. HMRC explained that this is due to an issue in entering the date that their protection is withdrawn. HMRC explained that a fix is due by the end of the year to allow members to withdraw protection online and if dormant protection is also held, for this to be activated.

72. HMRC will provide updates in the pension schemes newsletters and will update the lifetime allowance GOV.UK guidance once the fix is live.

73. One attendee explained that members have to tell HMRC that they've lost protection and the date that the protection was lost. But the member may not know the exact date.

74. For example a protection (fixed protection) can be lost due to excess growth of a defined benefit. When the scheme tests whether to apply the lifetime allowance charge at a benefit crystallisation event (BCE) if protection can no longer exist the scheme will tell the member this, but the member won't know the exact date.

75. The attendee explained that all the member will know is that protection was lost before a certain date (the BCE date that the scheme is testing). The attendee explained that the actual date that protection was lost doesn't matter if there has been no previous BCE that should have been tested. The attendee asked if HMRC could accept an estimated or 'not later than' date in such circumstances.

76. HMRC confirmed that for enhanced protection a specific date is required on the legacy online system. HMRC explained that updates to protections also have to be made on the legacy system

77. When HMRC migrates the information across to the Manage and Register Pension Schemes service, HMRC will review the information and consider other changes. HMRC currently expects migration to the new lifetime allowance service to take place in late 2020 to 2021.

#### **Agenda Item 4      Lifetime allowance protection and auto enrolment**

78. One attendee raised the loss of fixed protections or enhanced protection as a result of the member being auto-enrolled and not opting-out and asked if more information could be included on the lifetime allowance certificate.
79. HMRC explained there are no plans to amend the information on the certificate and believes the information and guidance are clear.
80. HMRC explained that this isn't as a result of tax legislation but instead the rules on auto-enrolment fall under DWP legislation.
81. HMRC explained that under DWP legislation if the employee advises their employer that they hold lifetime allowance protection, the employer doesn't have to auto-enrol the employee but they may still choose to do this automatically.
82. As this is DWP legislation, HMRC can't explain why this isn't mandatory and attendees would need to raise this with DWP.
83. One attendee highlighted a few cases where individuals have fixed protection, get a new job and have been auto-enrolled and were unaware that they've lost their protection.
84. Attendees also referred to auto-enrolment as a result of administrative error and HMRC agreed to review these cases. HMRC explained that these should be submitted to [Pension Schemes Services](#).

#### **Agenda Item 5      Clearances**

85. HMRC explained that recent clearances received have been rejected because they don't meet the criteria as set out on GOV.UK.
86. HMRC will not reply to requests for approval of new products or to provide reassurance on subjects already covered in guidance and will reject any clearance application that doesn't meet the criteria set out in HMRC guidance.
87. HMRC explained that clearance applications should only be submitted in cases of a specific scheme or transaction where the in-depth guidance on the pension tax rules in our PTM has been read and considered. Only if the position is still not clear, should an application be made to HMRC for a clearance.

**Action point 3 – HMRC to publish information about making non-**

**statutory clearances in the next Pension Schemes Newsletter.** Closed – this was included in Pension Schemes Newsletter 104.

## **Agenda Item 6      Any other business**

### GMP equalisation

88. An attendee asked if HMRC could update the guidance to cover off issues relating to guaranteed minimum pension (GMP) equalisation.
89. HMRC has no plans to update the guidance at present but will continue to monitor the position and will review and if necessary update.
90. HMRC welcomes requests about updates to the PTM from the pensions industry and in particular forum members, however due to the number of requests received, HMRC doesn't acknowledge these. However HMRC reviews all requests received and factors these in when considering amendments to the PTM.
91. Attendees confirmed they only send in changes to the PTM if they've received multiple questions from their members about a specific subject that's not covered in the PTM or if they need clarification on guidance in the PTM.
92. Attendees explained that the pensions industry is still waiting for an outcome on the GMP equalisation case. If the decision is to equalise benefits, every retirement and transfer could be impacted and scheme administrators may have to adjust affected pension benefits upwards. This could have an effect on lifetime allowance protection and questioned whether fixed protection would be lost if the member is granted an additional benefit.
93. Attendees felt that the pensions industry would want clarity and guidance on what needs to be done.
94. HMRC asked attendees to provide information about the number of people affected as this would help in terms of deciding whether guidance on this is needed and if so the priority for any guidance changes.

### Financial Services Compensation Scheme (FSCS) – valuing assets

95. One attendee had questions about valuing assets in the context of FSCS compensation payments.
96. HMRC considers each case based on the specific circumstances of the case. HMRC can't provide a general principle on these but if there are case specific questions that aren't covered by existing guidance, these would need to be submitted on a clearance basis.

Annual allowance (AA)

97. One attendee explained that recent HMRC statistics show that 16,500 people reported an annual allowance charge for 2016 to 2017. The attendee asked if this number will increase as taxpayers complete their 2017 to 2018 return and realise that they made an error in completing their earlier return.
98. HMRC can't predict this so couldn't comment.
99. Attendees speculated that people don't understand annual allowance well enough to report the charge.
100. Attendees explained that mandatory scheme pays is only available in cases where the individual's pension input amount is in excess of £40,000 in the scheme they are asking to pay the charge and the annual allowance charge is greater than £2,000. However people who are subject to the tapered annual allowance could have a significant tax charge but only have pension inputs as low as £10,000, so don't qualify for mandatory scheme pays and may have to pay the tax charge themselves.
101. HMRC has no plans to change the rules at present but may consider something on this in future.
102. One attendee explained about occupational pension schemes and noted their experience that historically trustees didn't offer members voluntary scheme pays. However attendees noted that for members with tapered annual allowance who don't qualify for mandatory scheme pays, more occupational schemes are offering voluntary scheme pays when they see the tax bills and amount of the tax charge that would otherwise be left for a member to meet directly.
103. One attendee asked if they can they use the accounting for tax (AFT) process to report voluntary scheme pays and asked about the process of doing this.
104. The attendee explained that to meet the deadline for paying the AA charge under voluntary scheme pays for requests received from scheme members after 31 December, but before the 31 January deadline for declaring and paying the annual allowance charge, the scheme administrator may choose to include this on an AFT return for a quarter earlier than when they received the member's request.
105. HMRC explained that voluntary scheme pays isn't a statutory process and the pensions tax legislation doesn't set out how scheme administrators must report voluntary scheme pays and pay the annual allowance charge. Pension scheme administrators can make a payment on account on or before 31 January, before they submit their AFT.

Trust registration guidance for registered pension schemes

106. An attendee asked if there are any plans to put the trust registration guidance previously circulated to customers on GOV.UK.

107. HMRC will check this with the team that deals with trust registration.

**Action point 4 - HMRC to check if the trust registration guidance will be published on GOV.UK.** Closed – Guidance on trust registration is on GOV.UK at <https://www.gov.uk/guidance/register-your-clients-trust>