

## UK Chancellors Autumn Statement 2016

No immediate surprises for those overseas but some intended reviews initiated which may have an effect on overseas pensions.

### **Foreign Pension income received by UK Residents**

There was a complicated provision of QROPS legislation which suggested overseas pension transfers for those resident in the UK at the time of receipt of income would only be taxed at 90% of the tax due. The Government is looking to close this possible loophole so those resident in the UK would be taxed as others are.

### **QROPS – extension from 5 to 10 years of taxing rights and eligible criteria**

A Member Payment Charge can be a large penalty if HMRC rules are not followed. The intention would be to extend the term from 5 years to 10 years' non-residency for lump sum payments. If this is the case, this would limit the tax free lump sum paid to a Non-UK resident to 25% (currently up to 30%), for a period of 10 full tax years (currently 5), after the year of departure from the U.K. to avoid the Member being subject to a Member Payment Charge.

In addition, the Government will further update the eligibility criteria for foreign schemes to qualify as Overseas Pension Schemes. Whether we see some further jurisdictions closed or changes to benefit basis as a result, we wait to see.

Paul Wyatt  
Managing Director  
Mobile +66 (0) 847376036  
[Paul.Wyatt@AIMSPI.com](mailto:Paul.Wyatt@AIMSPI.com)  
[www.AIMSPI.com](http://www.AIMSPI.com)

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