



Qualifying Non-UK Pension Schemes (QNUPS)

Qualifying Non-UK Pension Schemes (QNUPS) were introduced by the UK Government in the Finance Act 2008 and in law by The Inheritance Tax (Qualifying Non-UK Pension Schemes) Regulations 2010. The purpose of the law (which it should be noted was given retrospective effect from pensions 'A Day', 6th April 2006) was the clarification of the UK Inheritance Tax treatment of overseas pension arrangements. The law provides the requirements for an overseas scheme to be treated as a QNUPS where previously no guidance existed. This had resulted in uncertainty as to the UK inheritance tax position of certain overseas arrangements. The clarification has been welcomed with the statutory instrument now providing clear guidance to advising professionals.

Although QNUPS were introduced by The Commissioners of HMRC under UK Statutory Instrument there are no requirements to obtain HMRC approval on the establishment of a QNUPS or on transfers into a QNUPS arrangement.

A QNUPS can be established and administered in accordance with the laws of the Island of Guernsey, an internationally recognised centre of excellence in the provision of pension arrangements. The scheme is open to both residents and non residents of Guernsey.

A QNUPS allows members to join who have an existing QROPS or are looking to retire, work or live abroad or who are already non UK resident. QNUPS are also available to UK resident and domiciled individuals.

Benefits

- UK inheritance tax mitigation and planning opportunities for UK domiciled and UK non-domiciled individuals on assets held in a QNUPS
- An ability to make contributions and grow funds from sources other than earned income

- Capital gains and income can be rolled up tax free in Guernsey, thereby maximising the potential pension available on retirement
- There is no requirement to purchase an insurance annuity by the age of 75
- Preservation of wealth. As there is no requirement to purchase an insurance annuity, pension proceeds can be fully distributed to beneficiaries following death rather than be forfeit as in the case of an insurance annuity
- Flexibility of investments
- No UK reporting requirements
- Members can approach the trustees for loans from their trust fund within the scheme, although such loans would be on a secured and commercial basis and must be repaid prior to the payment of pension benefits

Summary

A QNUPS is an excellent vehicle for those who are UK resident, considering leaving the UK or are already non UK resident. The solution provides individuals with flexibility in their retirement, tax efficiency, and a choice of investment management, all safe in the knowledge that upon death all pension proceeds will be distributed to their beneficiaries.

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