PRESS RELEASE

9 March 2017

Australian EXPATRIATE Superannuation Fund

25% Tax Charge rocks QROPS market

Overnight the UK government made a shock decision to impose a 25% charge on transfers to foreign pension schemes. The main exemptions from this charge is if the individual is resident in the same country as the QROPS or if both are within the EEA. This change takes effect immediately.

The good news for Australian residents is that the Transfers of UK Pension benefits to Australian Superannuation schemes who are registered ROPS (QROPS) for can **CONTINUE UNAFFECTED**. The Australian Expatriate Superannuation Fund (AESF) is an Australian QROPS and can immediately accept this business.

At present the only Australian retail superannuation fund which has QROPS status from HMRC is the Australian Expatriate Superannuation Fund (AESF) which is a division of the Tidswell Master Superannuation Plan. Although this is the only retail superannuation QROPS in the market, there are options of SMSF and although typically more expensive and complex, it is important to seek advice from an Australian AFS license holder as these individuals are licensed to recommend the appropriate Australian superannuation scheme to receive your UK Pension transfer.

Whilst this legislation has probably been partly introduced because Australian residents have transferred significant UK Pension monies to a third-party jurisdiction (notably Gibraltar and Malta), it appears that transfers that were received by these third-party schemes prior to 9.3.2017 are able to move freely between other QROPS and jurisdictions without being subject to the new tax charge.

However, Australian residents who have been encouraged to transfer their UK Pension benefits to one of these third-party jurisdictions (typically Gibraltar) and are only part way through the process should **IMMEDIATELY CEASE** and review the position of their transfer, or they may become **liable to the 25% tax charge**.

Transfers of UK Pension benefits for Australian residents under the age of 55 can **NOW ONLY** be made to another UK scheme, if the newly introduced 25% tax charge is to be avoided. UK Schemes such as the IVCM Heritage SIPP can immediately take in these clients.

An Australian superannuation scheme which receives a transfer of UK pension funds post 9.3.2017 will need to ‘ring-fence’ these monies for a period of 5 full consecutive UK tax years from the date of the receipt of the original transfer (regardless of how long the client has been a non-UK resident), as any change of client residency may also generate a tax liability. The member must inform the scheme manager, within 60 days, if they change their country of residence.

We will issue further updates as some of the details are clarified over the next couple of weeks.

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Australia’s first retail superannuation fund to regain QROPS Status*

The Fund is administered in accordance with the trust deed and rules of the Tidswell Master Superannuation Plan [Superannuation Plan ABN 34 300 938 877, Registration No. R1004953]

* dated 1 September 2016

aesf.com.au