

This fact sheet details the special terms and conditions around benefit payments to UK transfer members.

BACKGROUND

The Police Superannuation Scheme (PSS) stopped accepting transfers from UK pension schemes on 6 April 2012 and is no longer a qualifying recognised overseas pension scheme (QROPS). You are still subject to UK tax rules if you transferred benefits from your UK pension scheme into the PSS before this date. This means we are restricted in the benefit payments we can make to you as a UK transfer member unless you have been tax resident outside the UK for at least 5 clear and complete UK tax years. The UK tax year begins on 6 April and ends on 5 April. Your status as a UK tax resident depends on a number of factors such as whether you have returned to the UK during the tax year. We suggest you seek specialist tax advice about your residency for UK tax purposes.

PENALTY TAX CHARGES

You could be liable for UK penalty tax if you have not been tax resident outside the UK for at least 5 clear and complete UK tax years and the scheme makes a payment to you that is an unauthorised payment for UK tax purposes (i.e. a payment the scheme would not be authorised to make to you if it were a UK pension scheme). This UK penalty tax is a 40% unauthorised payment charge and, possibly, an additional 15% unauthorised payment surcharge on the amount of the unauthorised payment. These charges will also apply to any borrowing secured by your entitlements to benefits from the PSS as security during that 5-year period.

You are responsible for these UK penalty tax charges and must complete a self-assessment return and send it to the UK tax office that currently deals or previously dealt with your affairs.

PARTIAL WITHDRAWALS AND UK TRANSFERS

After 3 years' service with Police, you may make a partial withdrawal from the scheme. If you choose to do this before you have been tax resident outside the UK for 5 clear and complete tax years, any amount you withdraw will be treated as being withdrawn from your UK transfer amount in the first instance. This means the restrictions on unauthorised payments referred to above will apply. For example, if you withdraw \$5,000 from your total account balance of \$130,000 of which \$100,000 is from your UK transfer, Her Majesty's Revenue & Customs (HMRC) will treat your withdrawal as coming from your transferred funds and not from the part of your benefit accumulated since you joined the scheme.

As trustee of the scheme, we have no discretion to vary this requirement as it is part of the conditions of transfer set out in the UK legislation and administered by HMRC.

INHERITANCE TAX

Our understanding is that the cessation of the PSS's QROPS status does not affect your UK inheritance tax position. However, UK inheritance tax is a complex area of law and is subject to change. We suggest you seek qualified UK tax advice on this issue if you have any questions.

NOTIFICATION TO HMRC

Mercer may advise HMRC of all benefit payments made from the scheme to or on behalf of UK transfer members.

REQUESTING A BENEFIT PAYMENT

If you wish to claim a benefit from the scheme, you need to complete the form corresponding to that benefit, for example, a *Partial withdrawal form*. You also need to make a special declaration confirming whether or not you have been a UK tax resident in any one of the last 5 UK tax years. You can download the *UK tax resident status form* from pss.superfacts.co.nz > Resources > Documents and forms > Member forms.

WHO TO CONTACT

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