

Why Transfer UK Pension Assets to the Isle of Man

- Any residual UK pension fund at the time of death will be subject to stringent rates of tax.
- Since April 2006 individuals have been able to export their pension funds by means of a QROPS transfer, where they have opted to leave the UK.
- After 5 years of non-UK residence, the reporting period to HMRC will cease and any imported pension benefits will benefit from the same tax and investment privileges that other Isle of Man pensions enjoy.

Isle of Man Legislation

- Between April 2006 and October 2010, the Island has been able to accept QROPS monies, but unlike Guernsey, has imposed Isle of Man higher rate tax on income distributions.
- This has effectively been a 20% (Isle of Man Higher Rate) withholding tax and has been off-putting for those who have not intended to become Isle of Man tax resident (due to the fact that many jurisdictions do not have a double taxation treaty with the Isle of Man and the withheld tax cannot be offset).
- Tynwald has passed a bill permitting the establishment of a new type of Isle of Man pension from 22 October 2010, known as the 50C pension. This gives all of the flexibility of an Isle of Man SIPP, but under the new legislation, there will be no withholding tax on income and no taxation upon death (unlike most other kinds of Isle of Man pension, where an Income Tax charge of 7.5% applies upon death after the commencement of benefits).

Who will benefit?

- Anyone who intends to leave the UK on a permanent basis, with pension assets in a Registered UK pension arrangement.

Key Benefits

- Potential avoidance of UK IHT and other pension specific UK taxes upon death.
- Succession planning opportunities.
- Gross pension income can be paid anywhere in the world.
- Wider range of permitted investments available.
- Preferable to Guernsey as the Isle of Man has a better regulated pension industry, and
- 30% tax free cash can be taken from age 55, as opposed to 25% in Guernsey (excluding Protected Rights monies, which can not provide more than 25% tax free cash in either jurisdiction)

What can you do to find out more?

- At Blythe Financial we are specialists in offshore pension planning. We are able to provide advice on each stage of the process, from the suitability of the transfer to the selection and management of the underlying pension assets. If you would like any further information please contact James Simpson at james@blythefinancial.com or on **01624 619180**.



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