

Overseas Transfers

As you may already be aware a UK registered pension scheme (such as the PayPal UK one) may only transfer funds to a foreign scheme if that scheme is a Qualified Recognized Overseas Pension Scheme (QROPS). If the receiving pension is not a QROPS, your UK scheme may refuse to make the transfer or you may be subject to a tax charge on the transfer.

In order to qualify as a QROPS, certain conditions must be met and these conditions changed from 6 April 2017. If you are considering transferring, you should check that the scheme you are transferring to meets the new criteria. The current QROPS List (which is updated on the 1st and 15th day of each month) can be found here:

<https://www.gov.uk/government/publications/list-of-qualifying-recognised-overseas-pension-schemes-qrops/list-of-recognised-overseas-pension-schemes-notifications>

The Government introduced a 25% tax charge on transfers to QROPS requested after 8 March 2017, unless the QROPS meets one of the following exemptions:

- The individual and the QROPS are in the same country
- The individual and the QROPS are within the European Economic Area (EEA)
- The QROPS is provided by the individual's employer

Please note, if you were to make a taxed transfer but within five years one of the exemptions outlined above was to apply, the tax will be refunded. Alternatively, if you were to make a tax-free transfer and within 5 years of that transfer move to another country, or transfer the benefit onwards (such that the original exemption would not have applied), the 25% charge will apply at this point. In these circumstances the QROPS will be jointly liable with the individual for the tax.

We would recommend that you seek Independent Financial Advice if you are considering transferring your pension benefits overseas. If you do not have an IFA, you can find one here: www.unbiased.co.uk

For further information, please visit: <https://www.gov.uk/government/collections/overseas-pension-schemes>