



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

HIGHLIGHTING PENSIONS NEWS AND LEGISLATION THAT HAS PARTICULAR RELEVANCE TO WHAT WE DO IN PENSION ADMINISTRATION

Negative CPI figure for September 2015

The Consumer Prices Index (CPI) fell by 0.1% over the twelve months to September 2015. The September figure has particular significance for pension schemes as it is often used to determine increases to pensions in payment and revaluation of preserved benefits under defined benefit occupational pension schemes. Those schemes will not need to make any increases in 2016 to pensions accrued from April 1997 or to post-April 1988 Guaranteed Minimum Pensions.

Members with preserved pensions will also feel the effect of the negative September 2015 figure in future years as revaluation is based on cumulative CPI increases over the period from date of leaving to date of retirement.

HMRC: Pension schemes newsletter 73

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 73](#) which covers a range of topics and includes further information about Fixed Protection 2016 (FP 2016) and Individual Protection 2016 (IP 2016) which was promised in previous newsletters.

There will be no application deadline for FP 2016 and IP 2016, although members wishing to rely on those types of protection will need to apply before they take any benefits on or after 6 April 2016. The new online self-service will not be available until July 2016 and members wanting to take benefits between April and July 2016 will need to write to HMRC.

An online service is also to be introduced for scheme administrators to check the protection status of their scheme members, and more information will be provided on this in due course.

Abolition of contracting-out – consequential amendments

A [consultation](#) has been launched by the Department for Work and Pensions (DWP) on legislation to make further changes when contracting-out is abolished in April 2016. This includes a draft of the Pensions Act 2014 (Abolition of Contracting-out for Salary Related Pension Schemes) (Consequential Amendments) Order 2016 (the 2016 Order).

For the most part the 2016 Order makes minor and technical alterations to existing legislation to take account of the abolition of contracting-out but it does include changes in relation to transfers and scheme disclosure. The consultation does not however deal with all of the issues raised during the consultation on the main contracting-out regulations reported on in PATHways issue 56.



Changes to income tax legislation as a result of SRIT

The Scottish Rate of Income Tax (Consequential Amendments) [Order](#) 2015 alters existing income tax legislation to allow for differences in income tax rates when the Scottish rate of income tax (SRIT) is introduced from April 2016.

Registered pension schemes which make claims to HMRC in respect of amounts deducted under the relief at source (RAS) provisions will in future need to make RAS claims at the Scottish basic rate where applicable. However, they will not need to do that until 2018. Existing practice should continue up until then and HMRC will identify Scottish taxpayers and make any adjustments required to tax relief direct with the scheme member, through the Self Assessment process or PAYE coding.

VAT and pension schemes

It has been [announced](#) that the transitional period in relation to VAT claims by employers on pension fund management costs has been extended to 31 December 2016.

HMRC changed its policy in 2014 following a European Court of Justice ruling, but allowed the VAT treatment outlined in [VAT Notice 700/17](#) to continue for a time to allow businesses to adapt to the changes.

Defined ambition, collective benefits and automatic transfers on hold

According to a [written statement](#) from Pensions Minister, Baroness Altmann, the defined ambition, collective benefits and automatic transfer ('pot follows member') initiatives will not be taken any further in the meantime. The Government believes it is more appropriate to concentrate on making sure the new single-tier state pension is implemented successfully, auto-enrolment is rolled out to the remaining employers and the changes resulting from the introduction of the pension flexibilities are dealt with first.

Auto-enrolment for smaller employers

DWP has [launched](#) a multi-media campaign aimed at smaller employers and their employees to raise awareness about workplace pensions. This is being coordinated jointly by DWP and The Pensions Regulator (TPR).

TPR is also helping employers meet their workplace pension duties from next year with its simplified [step-by-step guide](#) designed specifically for small and micro employers.

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