

The HMRC have announced that Pension Scheme Returns are not going to be required for the 2019/20 tax year and they will not issue any notice ‘file Pension Schemes Returns for 2019 to 2020.’

Benefits Crystallisation Event 1 and Valuing Sums and Assets Held Within a Registered Pension Scheme

‘We know that scheme administrators may face challenges valuing the sums and assets held within the scheme, to test these against the lifetime allowance under benefits crystallisation event 1 (BCE1).

As you know, when a member designates funds for a drawdown pension, their benefits are tested against the lifetime allowance under BCE1.

To find the value of the benefits being crystallised under BCE1, the scheme administrator must value the sums and assets held within the scheme, that are designated for drawdown and will follow the method in Capital Gains Manual CG59510 for valuing shares and securities quoted on the Stock Exchange Daily Official List. The guidance in CG59510 makes provision for special circumstances that mean the closing prices quoted in the Stock Exchange Daily Official List are not a proper measure of the market value of the shares or securities.

We accept the following may be treated as special circumstances:

- *if trading has been suspended as a result of coronavirus (COVID-19)*
- *the closing prices are not a proper measure of market value of the shares or securities as a result of coronavirus (COVID-19)*

If this is the case, you can choose either to use Regulation 2(1) of SI 2015/616 or another method to value these sums and assets.

You should both demonstrate and support any alternative method when you consider market value under Regulation 2(2) of SI 2015/616. You should consider each case on its own facts.’

Source: HMRC Pension Schemes Newsletter 119 – April 2020

<https://www.gov.uk/government/publications/pension-schemes-newsletter-119-april-2020/pension-schemes-newsletter-119-april-2020>

Other Pension Scheme Valuations:

‘We know that valuations of pension scheme assets may not be as expected as a result of coronavirus (COVID-19). If you’re valuing assets held by registered pension schemes, you should apply normal methods to get the most accurate valuation possible. Where this is not possible, you should use another method to arrive at a fair and reasonable valuation and be able to demonstrate and support any alternative method used. You should consider each case on its own facts.’

Source: HMRC Pension Schemes Newsletter 119 – April 2020

<https://www.gov.uk/government/publications/pension-schemes-newsletter-119-april-2020/pension-schemes-newsletter-119-april-2020>

Rent and Loan Payment Holidays:

'As a result of coronavirus (COVID-19), we know that scheme administrators may be looking to provide increased numbers of payment holidays on loans due from connected parties and rents on commercial properties held in registered pension schemes.

Usually, to make sure that a payment holiday is on a commercial basis (and does not result in an unauthorised payments charge); HMRC would expect the scheme administrator to obtain an independent valuation.

To help scheme administrators and businesses affected by the current situation, HMRC are content that any arm's length commercial decisions relating to registered pension schemes, including rent holidays, will not give rise to an unauthorised payment charge and can be agreed without independent valuations taking place.'

Source: HMRC Pension Schemes Newsletter 118 – March 2020

<https://www.gov.uk/government/publications/pension-schemes-newsletter-118-march-2020/pension-schemes-newsletter-118-march-2020>

Managing Pension Schemes Service - Pension Scheme Returns:

HMRC is in the process of introducing a new online system for managing pension schemes, called the Managing Pension Schemes Service which will, in due course, replace the existing online system which is called Pension Scheme for Administrators.

All new schemes are set up on the new Managing Pension Schemes Service and all the other schemes that are currently on the old Pension Scheme for Administrators system will in due course be migrated across to the new Managing Pension Schemes Service. There is currently reduced functionality under the new Managing Pension Schemes Service, but this will be improved over time. In particular, there is currently no facility under the Managing Pension Schemes Service for filing Pension Scheme Returns and HMRC has advised that schemes registered on this service will not need to submit Pension Scheme Returns until the 2022/23 tax year.

'We'll then introduce the Pension Scheme Return (PSR) on the service in time for the 2022 to 2023 tax year so that if you receive a notice to file a PSR, you'll do this on the Managing pension schemes service for a pension scheme registered on the service.'

Source: HMRC Managing Pension Schemes Service Newsletter – April 2020

<https://www.gov.uk/government/publications/managing-pension-schemes-service-newsletter-april-2020/managing-pension-schemes-service-newsletter-april-2020>

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