



Guernsey Way Forward

Following our recent communication that Guernsey were looking to leave their existing QROPS to de-register (which was based on multiple reliable sources), we are now very pleased to notify that this is no longer going to be the case and:

"GAPP has since confirmed that Guernsey is NOT considering a deregistration of its existing QROPS Schemes"

It is great news that GAPP have now confirmed that they will be arranging for the necessary changes of Guernsey legislation to deal with the new proposed HMRC legislation and specifically 'Condition 4' for existing QROPS. Therefore they are also confirming that all of the existing Guernsey QROPS will be able to remain as QROPS post 6th April 2012.

This confirmation will however mean that all clients with pensions being taken from any existing QROPS will be taxed at the local Guernsey rate of 20% from 6th April 2012.

As we previously mentioned, we have also received confirmation that Guernsey intend to introduce a new Guernsey pension regime and this will allow for zero tax on pension income as no tax relief will be provided on local contributions. If this new regime is acceptable to HMRC along with the ability to transfer from the old QROPS to the new QROPS then this will be a good solution for Guernsey.

The main consideration going forward is timescale. The new legislation needs to be in place in the next couple of weeks so that the new scheme Deed and Rules can be adopted and sent to HMRC before 6th March 2012. HMRC will need to be given 4 weeks to get the new QROPS on the HMRC registered list before 6th April 2012. Even the timescale above will be leaving it extremely tight and there is a good chance that transfers will only be available after 6th April 2012.

In light of the above, Brooklands will be notifying our Guernsey QROPS advisers and clients that if they are taking pension then they may want to change the basis of the pension to effectively draw annually in advance from February/March this year to provide them with additional time to arrange transfers from the old QROPS to the new QROPS without incurring the 20% tax on pensions paid after 6th April 2012.

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