brite ADVISORS

QNUPS: Qualifying Non-UK Pension Schemes

A QNUPS is an overseas trust that is effectively an international pension scheme. It is often used by high net worth individuals who have already reached their income tax relief and/or lifetime benefit limit on UK registered pensions or by individuals overseas who are no longer able to contribute to their UK registered pension plan. A QNUPS provides tax benefits similar to UK registered pensions.

There are no restrictions on residence – you can live anywhere and establish a QNUPS – however, the tax treatment of the benefits will depend on your country of residence and whether you are still domiciled in the UK.

Presently there are no HMRC reporting requirements, as QNUPS are not permitted to receive transfers from UK tax relieved funds (i.e. pension funds), but they must be recognised for tax purposes in the jurisdiction they are established.

Contributions are generally made out of personal capital and income but can also be made using existing assets. You should ensure you are aware of the potential tax consequences of using assets.

Similar to UK registered pensions, a QNUPS is not chargeable to UK taxes on death, unless the QNUPS participant is believed by HMRC to have purposely reduced the value of their estate prior to death by transferring a significant part of their wealth to the QNUPS.

Benefits can be taken from the age 55. A lump sum of up to 30% of the fund is available and the remaining fund must provide an income. While the lump sum is not taxable under UK legislation/residency, it may be taxed in the overseas jurisdiction you reside at the time. The income element may also be liable to local income tax rules.

Providing all rules are followed, the fund should grow free of (UK) income & capital gains, and provide valuable additional pension benefits that are outside any UK estate.

Benefits of QNUPS.

- QNUPS are a tax-efficient way of providing an additional source of capital/income in retirement.
- They can hold a wide range of assets, including existing assets/investments.
- A QNUPS is a trust and therefore you can nominate family and beneficiaries to receive your capital/assets upon your demise.
- There is presently no limit on contributions, however, HMRC could challenge contributions that have a significant reduction in your estate and standard of living. It is imperative you seek professional actuarial advice if wanting to make a significant contribution.
- There are no lifetime or upper limits on investments/capital held within the QNUPS.
- Employee benefit consultants and human resource departments should be utilising supplementary pension solutions for their senior and valued employees. A Brite Advisors QNUPS can offer pension trustee services for both corporate and individuals through our trust subsidiaries based in Hong Kong. Other jurisdictions are also available.

QNUPS - things to be aware of

- There should be no income/capital gains tax consequences in the UK, but this might not be the case in your coun try of residence, especially if trusts are not recognised.
- There is no UK tax relief on contributions.
- If a QNUPS is overfunded, HMRC could remove some of the tax advantages.
- A QNUPS is a pension fund and as such is designed to provide you with an income in retirement. Failure to do so, or take only a nominal income, may have tax implications.
- A QNUPS should not hold assets that cannot be liquidated and that do not provide an income/yield.
- You should ensure you are aware of the tax treatment of the QNUPS in the jurisdiction it is registered and the tax treatment in your country of residence. Double Tax Treaties may exist and not all countries recognise pension fund structures in non-tax treaty jurisdictions.
- The benefits referred to above may vary according to residency and domicile.

To find out more about how we can help you, simply leave your details and one of our advisors will arrange a time to talk or visit you.