



PRESS RELEASE

PENSION TAX RELIEF LIMIT COULD EXCLUDE OVERSEAS TALENT

The Society of Pension Consultants has warned that a hitherto little noticed effect of the move in the 2009 Budget to restrict higher rate tax relief could be to restrict the UK's access to highly talented international mobile executives, needed in the UK for specific projects.

Despite the current economic downturn, these key executives can effectively choose on which projects, and in which country, they wish to work. They will expect to be compensated for the effects of the proposed restriction of higher rate tax relief in the UK.

There are ways of achieving this, for example through the use of unregistered pension schemes, but these can involve a deferral of corporation tax relief for the employer concerned, which can call into question the cost benefit value of setting up such an arrangement.

SPC's Secretary, John Mortimer, commented:

"This is another example of how a lack of detailed understanding by HMRC and the Treasury, of why schemes are set up and how they work, and an unwillingness to consult in advance practitioners, who do have the understanding, have led to proposals which damage pension provision".

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NOTES FOR EDITORS

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