Press release

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Wealth manager HFM Columbus urges caution over drawing down International Pension Plans ahead of changes to remittance rules for non doms

- **Impending changes to the non-domicile rules affects exit options**
- **Urgent review for pension portfolios highly recommended**

Like many advisers, HFM Columbus, the leading UK wealth manager is warning higher net worth individuals about changes to the tax treatment of UK residents who are not domiciled here.

Non-domiciled individuals who have been UK resident for 15 out of the last 20 years will lose their right to elect to file on a remittance basis from 6 April 2017.

This broadly means that a non-domiciled, UK resident individual will be liable to tax on their worldwide income and gains from that point, whether the proceeds are remitted to the UK or not.

The new ruling has a direct impact on those who have entitlements arising from International Pension Plans (IPPs).

"Anyone currently filing on the remittance basis should be aware that withdrawals from most IPP's by way of an annuity arrangement (as distinct from other methods of withdrawal) prior to 6th April 2017 are not subject to UK tax until remitted" said HFM Columbus' international planning specialist, Gina Garman.

The definition of an annuity in this context is quite broad and includes those which distribute relatively substantial amounts in the short term. For example, it is not uncommon for a flexible annuity to allow up to say 30% of the value of the fund in the first year and the same again in the second, thereby potentially facilitating withdrawals of 60% of the fund prior to April 2017.

"While there is a clear attraction for those affected to consider drawing as much as possible by this process before 5th April 2017, it is vital to be aware of the pitfalls," warns Garman.

"In the first instance there are the scheme rules to consider. The Trust Deed of each IPP is specific to that arrangement, so it is vital to check what is permitted and how much in terms of the extent to which large amounts may be drawn," said Garman.

"It's also important to bear in mind HMRC's view of what is reasonable. We have seen annuity profiles which offer a greater proportion of the fund to be drawn in the short term than the example above and which in our view are likely to be challenged by HMRC."

Garman stresses anyone affected by the new rules will benefit from a review of an IPP, advocating a cautious approach if "a successful, non-contentious strategy is to be determined and executed in time to be effective."

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Editor's notes:

HFM Columbus is a wealth management operation with offices in central London and Weybridge, Surrey. The company targets the higher net worth end of the market and offers in-depth solutions ranging from mortgages and investments to employee benefits, retirement and IHT solutions.
It has dedicated departments for high net worth financial planning, including investment, pensions and tax advice, mortgages and employee benefits. The team of financial advisers is led by Jeremy Hoyland. All advisers are professionally qualified and continue to pursue an ongoing programme of specialist technical development. HFM Columbus maintains an in-house department dedicated to product and fund research.

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