

August 2022

## OVERSEAS PENSION TRANSFERS

If you're thinking of transferring your pension overseas this Newsflash will explain some of the extra things you may need to think about. This Newsflash should be read in addition to the two recent Newsflash's regarding the new transfer regulations ([May 2022 Newsflash](#) & [December 2021 Newsflash](#)).

### KEY POINTS IN AN OVERSEAS TRANSFER

- You are only able to transfer your ZPen benefits overseas to a Qualifying Recognised Overseas Pension Scheme (QROPS). If it's not a QROPS you may have to pay at least 40% tax on the transfer.
- A transfer to a QROPS is also a 'benefit crystallisation event' and is tested against the lifetime allowance (LTA). Any benefits you have in excess of the LTA will be taxed at 25%.
- Overseas transfers may be subject to an overseas transfer charge of 25% unless certain conditions are met. **This charge could be applicable up to 5 full tax years after transferring your benefits.**
- If you decide to proceed with an overseas scheme with QROPS status you may need to seek financial advice, at your own cost, if you have final salary benefits and your transfer value is more than £30,000.

### WHAT IS A QUALIFYING RECOGNISED OVERSEAS PENSION SCHEME (QROPS)

A QROPS is a type of overseas pension scheme which can receive funds from a UK registered pension scheme without incurring unauthorised payment charges. Before allowing a transfer overseas to proceed, the ZPen Trustee must check the receiving scheme is a QROPS. Transfers to an overseas pension scheme which isn't a QROPS will be treated as an unauthorised payment and you may be charged at least 40% tax.

A list of QROPS pensions can be found [here](#).

### OVERSEAS TRANSFER CHARGE

You may be liable to an overseas transfer charge of 25% of the amount that's being transferred unless the transfer meets at least one of the following conditions:

- 1) You are a resident of the country that the QROPS receiving the transfer is based in.
- 2) You are a resident of the UK, Gibraltar or a country in the European Economic Area (EEA) and the QROPS is based in Gibraltar or an EEA state.
- 3) The QROPS is an overseas public service scheme or your employer's occupational pension scheme at the time of the transfer.
- 4) The QROPS is a pension scheme of an international organisation and you are employed that international organisation at the time of the transfer.

**IMPORTANT:** The overseas transfer charge can also apply **up to five full tax years** after the transfer took place if conditions (1) or (2) above were to change.

### DOCUMENTATION REQUIRED

In order for the transfer overseas to go ahead you will also be asked to provide the following information:

- Formal residency documentation for the country in which you are resident, for example a certificate of residence **AND**
- Two pieces of evidence demonstrating you are resident in the country, this can include bank statements, evidence of paying local taxes, address on your driving licence etc.

### FURTHER INFORMATION

Should you require any further information, please contact the team by email ([zpenteam@uk.zurich.com](mailto:zpenteam@uk.zurich.com)).