

HMRC Extends Money Laundering Registration Deadline

Any occupational pension schemes that have to register with HMRC by 31 January 2018 (due to new money laundering regulations), will not face a penalty as long as they register by 5 March 2018.

This HMRC concession is applicable only for the first year of HMRC's new Trust Registration Service: the single online route for trusts to register and obtain their self-assessment Unique Taxpayer Reference.

Occupational pension schemes which invest solely in pooled funds will not usually need to register.

In this issue: [Background](#) | [Registration](#) | [What triggers the need to register?](#) | [Comment](#)

Background

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the Regulations) came into force on 26 June 2017 and impose new requirements on trustees, including occupational pension scheme trustees, in the fight to combat money laundering activity. For more information concerning the Regulations please see our previous FYI entitled [Money Laundering Regulations](#).

Registration

The Regulations came into force on 26 June 2017. Those occupational pension schemes which had to register with HMRC's new Trust Registration Service initially had a registration deadline of 5 October 2017. This would apply to those pension schemes that had not already registered for Self-Assessment and have incurred either an income tax or capital gains tax liability for the first time in the 2016/17 tax year. Following industry feedback HMRC extended this deadline to 5 January 2018. This was because they recognised the short timescale to provide beneficial ownership information.

For those occupational pension schemes that had already registered for Self-Assessment and have incurred a relevant UK tax liability for the 2016/17 tax year, the deadline for registration is 31 January 2018. This deadline also applies for those that do not need to register for Self-Assessment but have incurred an inheritance tax, stamp duty land tax, stamp duty reserve tax or a land and buildings transaction tax (Scotland) liability in the 2016/17 tax year.

HMRC, whilst not further extending the 31 January 2018 deadline, has stated they will not impose a penalty on the failure to register existing schemes and provide beneficial ownership information using the Trust Registration Service by 31 January 2018, provided a scheme is registered by 5 March 2018.

Going forward, trustees of occupational pension schemes who incur a relevant UK tax liability for the first time will need to register with the Trust Registration Service by 31 January after the end of the tax year in which they first incurred that liability.

What triggers the need to register?

There is only a requirement to register on occupational pension schemes where:

- The scheme is a UK express trust (which HMRC expects an occupational pension scheme to be); and
- The trustees are liable to pay one of a number of specified UK taxes in relation to the income or assets of the scheme.

The relevant taxes are: income tax, capital gains tax, inheritance tax, stamp duty land tax, stamp duty reserve tax, land and building transactions tax (Scotland).

Occupational pension schemes can for registration purposes ignore any UK income tax paid by the trustees because:

- They are jointly and severally liable with the member for a lifetime allowance charge;
- They pay the member's annual allowance charge (scheme pays); or
- They are liable to:
 - Special lump sum death benefits charge
 - Short service refund lump sum charge
 - Authorised surplus payments charge
 - De-registration charge
 - Unauthorised payments charge
 - Unauthorised payments surcharge
 - Scheme sanction charge
 - Overseas transfer charge; or
 - Tax under PAYE on a member's pension or lump sum benefits or on the benefits of the recipient after a member dies.

Most pooled funds will not be caught and so the notification requirements will not apply. There are some exceptions such as:

- schemes that invest directly in real property or in shares; and
- schemes that invest in arrangements which are treated by HMRC as being "look through arrangements". For example, partnership structures where the trustees of the partnership vehicle would incur any tax liability arising on that vehicle.

Comment

This further concession from HMRC is welcome. However, trustees of occupational pension schemes who need to register should take steps as soon as possible to comply with the Regulations. Having both extended the registration deadline and then given relevant schemes further time to comply, HMRC is unlikely to act charitably against trustees of schemes who now fail to comply with the Regulations.

Trustees of occupational pension schemes who are not sure whether or not they incurred, or could incur, a liability to pay one of the relevant taxes in the tax year 2016/17 should raise this with their providers, investment advisers and/or accountants as a matter of urgency.

Note: this publication was updated on 25 January 2018.

Authors

Gary Crockford, Head of the Knowledge Resource Centre
Nikki Williams, Senior Technical Consultant

Produced by the Knowledge Resource Centre

The Knowledge Resource Centre is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your consultant or call us on 0800 066 5433.

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.

Conduent HR Services is a trading name in the UK for Buck Consultants Limited (registered number 1615055), Buck Consultants (Administration & Investment) Limited (registered number 1034719), and Buck Consultants (Healthcare) Limited (registered number 172919), which are private limited liability companies registered in England and Wales. All have their registered office at 160 Queen Victoria Street, London EC4V 4AN. Buck Consultants (Administration & Investment) Limited and Buck Consultants (Healthcare) Limited are authorised and regulated by the Financial Conduct Authority.

©2018 Conduent Business Services, LLC. All rights reserved. Conduent, Conduent Agile Star, FYI® and For Your Information® are trademarks of Conduent Business Services, LLC in the United States and/or other countries.