

To:

NHS Payroll and HR Managers
BMA
All Practice Managers

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Our ref: GEN/

2 March 2006

Dear Sir/Madam

**NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME (NHSS)
FINANCE ACT 2004 – TAX SIMPLIFICATION**

The purpose of this circular is to inform you of a change to the NHSS Scotland in relation to the award procedure as a result of the Tax Simplification changes implemented in the Finance Acts 2004 and 2005.

As a result of these changes which are being implemented from 6 April 2006 (more commonly known as A-Day), we are now going to have to obtain additional information from members in advance of paying out any pension awards.

When we receive an award application form it should now be accompanied by the new Member Declaration Form (copy attached), which has been developed as a result of the A-Day changes. This member declaration asks for additional information with regard to other pension savings the member may be still entitled to realise.

With the introduction of the Lifetime Allowance and Annual Allowance Limits from A-Day we need to confirm that the member is not breaching any of the new limits set by Her Majesty's Revenue and Customs (HMRC, formerly known as Inland Revenue) and completion of the declaration will ensure this check is being carried out.

Failure to notify us of accurate information could make the member liable to a penalty of up to £3,000.

Guidance on Taxation changes is available from the HMRC or our own website: -

www.hmrc.gov.uk or http://www.sppa.gov.uk/pension_reform/taxation.htm

Yours faithfully



I M Clapperton
Director of Operations

MEMBER DECLARATION

Member Name:	_____
Scheme Name:	Scottish Teachers Superannuation Scheme (STSS) or NHS Scotland Superannuation Scheme
Retirement Date:	_____
NI Number:	_____

Prior to any benefits being paid from either of SPPA's schemes, we are required to establish if payment of benefits from our schemes will incur charges for the new tax purposes, more commonly known as the Lifetime Allowance Charge. We realise that most members will not be affected by this charge and it will only really affect members whose total funds are in excess of the Lifetime Allowance limit for the tax period (2006/2007 £1.5 million). Therefore in order to satisfy Her Majesty's Revenue and Customs (HMRC) you are required to answer the following questions and sign the declaration.

Q1 Are you currently in receipt of a pension or pensions which commenced prior to <u>6 April 2006</u> ?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
<i>If you have answered "Yes", please confirm the current level of pension received (before tax) from all sources.</i>		
	£	pa

Q2 Have you received pension and or lump sum benefits from other registered pension schemes on or after 6 April 2006?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
<i>If you answered "Yes" then you should have been provided with a statement from the Administrator of the other scheme(s) confirming the amount of your lifetime allowance already used up. The statement(s) (or copies) should be returned to SPPA with this declaration.</i>		

Q3 Have you applied to HMRC and been granted an enhanced lifetime allowance factor or enhanced protection entitlement that you wish to rely on at this time?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
<i>If you answered "Yes", please provide a copy of the certificate(s) provided by HMRC which confirm your entitlement.</i>		
<i>In certain circumstances members may have applied for either enhanced protection or primary protection from the Standard Lifetime Allowance (SLA). This would normally only apply if a member's benefits were valued close to or over the SLA of £1.5m at 5 April 2006. Members may also have applied to HMRC for an enhancement to their lifetime allowance. This may apply for example where a member wished to protect a transfer received from an overseas pension scheme, or to protect a pension credit which was awarded on a divorce.</i>		

<p>Q4 Do you intend to take retirement benefits from other registered pension schemes at the same time as taking benefits from either NHS or STSS schemes to which this declaration relates?</p>	<p>Yes</p>	<p>No</p>	
	<input type="checkbox"/>	<input type="checkbox"/>	
<p><i>If you answered “Yes”, you will be required to obtain an estimate of the anticipated lifetime allowance which will be used up under the other scheme(s) from the Administrators of those arrangements and provide copies to SPPA.</i></p>			

Q5 If your answer to question 4 was “Yes”, you must confirm the order in which benefits will be taken from each scheme for the purpose of undertaking the lifetime allowance test. This is particularly important where you are likely to exceed your lifetime allowance as the order in which benefits are taken will dictate which scheme or schemes will be responsible for settling any tax liability.

Name of Scheme/Policy No.	Contact Details	Order in which taken (first, second, etc)

IMPORTANT NOTE

If you or any individual makes a false statement or representation in the completion of this declaration, whether fraudulently or negligently, they will become liable to a penalty of up to £3,000 if this results in relief from any lifetime allowance charge being obtained (or any other tax due).

Furthermore, if you make a false declaration relating to an entitlement to an enhanced lifetime allowance (see Q3), whether fraudulently or negligently, you will become liable to a penalty of up to 25% of any relevant excess.

The information I have given in this declaration is correct and complete to the best of my knowledge and belief. If I become aware of any alteration to the information given on this form after it has been submitted to the Scheme Administrator, I hereby agree to notify the Scheme Administrator of any alterations at the earliest possible opportunity.

Signed _____

Name (Block Capitals) _____

Date _____