

## Guidance Notes

**Please read these guidance notes before completing this election form.**

**Important:** This guidance reflects SPPA's current understanding of HMRC's overriding legislation. It is important to note that SPPA is unable to provide advice on personal tax circumstances. SPPA would recommend that independent advice is sought if you have any uncertainty about any tax implications.

### What is a Scheme Pays election?

If you have exceeded the AA limit and are subject to an AA charge, you may be able to elect your pension scheme to pay some or all of the AA charge to HMRC on your behalf, in return for an appropriate reduction in your pension benefits, rather than paying direct to HMRC yourself.

If you decide that you want SPPA to pay some or all of your AA charge, you will need to complete an AA scheme pays election form.

You should complete **one** election for your total charge per tax year. SPPA will proportion any voluntary amount across schemes based on the overall pension input in each and send you a letter detailing how much mandatory and voluntary tax charge will be paid from each scheme. You will also be sent details of the deduction relevant to each pension, and lump sum where applicable.

There are two types of Scheme Pays elections - Mandatory and Voluntary.

### Mandatory Scheme Pays

SPPA will pay the Mandatory AA tax charge if you meet the mandatory requirements prescribed by HMRC. The mandatory requirements are that:

- 1) your Pension Input Amount for the relevant tax year, in a **single registered scheme** has exceeded the standard Annual Allowance limit.
- 2) your total Annual Allowance charge for the relevant tax year exceeds £2,000
- 3) your Scheme Pays election form is received by the deadline date

Where these conditions are met the scheme administrator becomes jointly liable (with the member) for the annual allowance charge and must pay this to HMRC within a given timescale.

### Voluntary Scheme Pays

SPPA will accept a voluntary Scheme Pays election where the total SPPA AA tax charge exceeds £1,000 across combined SPPA scheme benefits (ie final salary and 2015 Scheme CARE benefits) and/or you are subject to the tapered annual allowance.

If your scheme pays election is Voluntary you must tell us the value of your Tapered Annual Allowance. SPPA will check the maximum amount that we have a liability for and proportion any voluntary scheme pays amount across your schemes based on the pension input in each.

Guidance on working out your reduced (tapered) annual allowance can be found at:  
<https://www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance>

**AA charge details**

A calculator to aid you with this is available on HMRC's website to help you calculate the amount on which tax is due: [www.hmrc.gov.uk/tools/pension-allowance](http://www.hmrc.gov.uk/tools/pension-allowance)

On the election form you must confirm the total amount of AA tax charge you would like SPPA to pay on your behalf to HMRC. This is **not** the same as the amount on which tax is due.

**Estimated Scheme Pays Elections**

We are aware that members may not have received their Pension Savings Statement to meet the statutory deadlines. If you think that you may have an AA charge you can submit an estimated Scheme Pays election form. This can then be amended once the required information is received or at a later date (within 4 years).

If upon receiving your PSS you find that you have not exceeded the AA limit or have sufficient carry forward to offset any charge, you can write to us to request the application is cancelled as you no longer satisfy the election requirements.

**Revised Scheme Pays Elections**

Election notice changes can be made up to 4 years after the original due date. If you wish to change the amount of your AA tax charge you would like SPPA to pay you must complete a new election form, ticking the box to indicate that this is a revision.

For revised elections, the amount of AA charge must be the total amount of AA charge you want SPPA to pay on your behalf not the difference from the initial amount. If the previous election quoted an AA charge of £10,000 and this has increased and you now want SPPA to pay the additional £2,000 then you should input £12,000 at Part B.

**Further information**

Information about AA and Scheme Pays is available on our website at:  
<https://pensions.gov.scot/pensions-taxation>

More detailed information about AA can also be found on HMRC's website at:  
<http://www.hmrc.gov.uk/pensionschemes/calc-aa.htm>

HMRC have provided guidance on how to calculate the AA charge on their Registered Pension Scheme Manual at:  
[www.hmrc.gov.uk/manuals/rpsmmanual/RPSM06108100.htm](http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM06108100.htm)

SPPA recommends that you read the relevant pages relating to AA in HMRC's Registered Pension Scheme Manual to ensure you understand what you are undertaking. The AA (from 6 April 2011) pages can be found at:  
[www.hmrc.gov.uk/manuals/rpsmmanual/RPSM06105000.htm](http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM06105000.htm)

**Scheme Pays Election Form****This Election can be used for all Pension Schemes administered by SPPA**

You should only complete this form if you want your pension scheme to pay your AA tax charge. To be eligible for Scheme Pays, the growth in your pension benefits must meet the mandatory or voluntary conditions laid out in the attached guidance in the relevant tax year.

**PART 1 - PERSONAL DETAILS**

Scheme reference number (not applicable for Police or Fire)

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National Insurance Number

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Surname

Contact address

Former surname (if applicable)

Forenames (in full)

Postcode

Title

Dr      Mr      Mrs      Miss      Ms

Telephone number

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Other (please specify)

Email address

**PART 2 – ANNUAL ALLOWANCE DETAILS**

If you exceed the AA in more than one tax year, a separate election notice must be completed for each tax year.

Relevant Tax year in which AA charge occurred

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Total amount of AA charge you require the scheme to pay HMRC is:

£									
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Tapered annual allowance if applicable:

£									
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Maximum rate of tax payable applicable to the charge:

										%
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Is your application one of the following?

Estimated Election

Revised Election

**PART 3 – ANTICIPATED UPCOMING EVENTS**

Before 31 July deadline expires, do you expect to:

- |  |     |    |
|--|-----|----|
| (a) Retire from the Scheme you are applying for Scheme Pays? Intended Retirement Date (DD/MM/YYYY)         | Yes | No |
| (b) Reach age 75 without claiming your Retirement Benefits? Date of 75 <sup>th</sup> Birthday (DD/MM/YYYY) | Yes | No |

**PART 4 – MEMBER DECLARATION**

I give SPPA permission to pay my annual allowance (AA) charge on my behalf, as stated in Part 2.

**I confirm that:**

- I meet the mandatory conditions and / or SPPA's voluntary conditions laid out in the attached guidance in the relevant tax year;
- the AA charge stated is only applicable to the growth of my SPPA administered pension benefits
- the AA charge has been calculated as per HMRC guidance (for the relevant tax year that the charge has occurred); and
- If I have estimated the charge and available AA I will notify you of my confirmed amount upon receipt of my Pension Savings Statement (or within 3 years of the 31 July deadline if later); and
- I have read the Scheme Pays Election Guidance that accompanies this Election Form.

**I understand that:**

- this election cannot be revoked (although it may be amended by sending a further notice within the HMRC time limits);
- pension scheme benefits will be **permanently reduced** and that this reduction will increase with CPI until the time that your benefits are paid by SPPA;
- SPPA will calculate if any part of the charge is to be paid by voluntary scheme pays and will notify me accordingly;
- SPPA will pay the maximum AA charge available for the Scheme if my election value exceeds this;
- I am solely responsible for any voluntary scheme pays interest charges that HMRC may apply if paid later than 31 January, of the next year;
- My estate is liable for any charge if I die before the charge is paid;
- SPPA reserves the right to request a discharge from paying the AA charge where a member has insufficient benefits from which to recoup the Annual Allowance Charge.

Signature

Date

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Return the completed form to: SPPA, 7 Tweedside Park, Tweedbank, Galashiels, TD1 3TE