IN-SPECIE BENEFIT PAYMENT
GUIDANCE NOTE

WHAT IS AN IN-SPECIE BENEFIT PAYMENT?

IFGL Pensions can provide a specialist service for international customers who hold an NT tax code. This bespoke service enables customers to receive taxable income by assignment of the investment bond or platform held within their SIPP, rather than by cash payment. This arrangement is referred to as an **in-specie benefit payment**.

WHAT CONDITIONS APPLY?

- The arrangement requires full crystallisation of the SIPP.
- The bond or platform provider must be one that can provide us with online valuation and can assign the investment account held in the name of Trustee to the SIPP member.
- The SIPP member must hold an NT tax code

WHAT FEES APPLY TO THIS SERVICE?

A one-off fee of £2,000 (plus VAT where applicable) applies to this service.

Agreement to the fee will be obtained from the member prior to proceeding with the work required to complete the in-specie benefit payment.

The fee reflects the specialist nature of the service, as well as the level of time required to complete the work. The process requires input from senior members of staff to review and authorise various stages of the work, as well as the separate and bespoke running of a payroll for the member concerned, including all relevant HMRC reporting. The process also involves significant liaison with the investment provider in relation to the assignment of the bond or investment account, together with any associated administrative work, including cash injections into the investment account where excess cash is held in the SIPP cash account.

WHAT ARE THE REQUIREMENTS?

1. Fully completed benefit election form for full income payment clearly indicating assignment of the investment in lieu of cash.

2. Certified proof of ID and proof of address dated within the last 3 months.

3. Where there is any cash held in the SIPP Bank account, this will normally be paid to the member's bank account. To protect members, if the proof of address provided under requirement 2 above is not a bank statement for the account being used, then a certified bank statement to support the bank details for payment is also required.

4. Undated Deed of Assignment for the Investment Provider pre-completed with the SIPP member details and signed by the SIPP member. If the in-specie payroll involves the assignment of an Utmost bond, then the wet ink signed original deed must be received by IFGL Pensions. (This is to satisfy the requirements of the bond provider).

NT TAX CODE

Depending on the members circumstances, country of residency and where applicable the country's double taxation treaty with HMRC in the UK, they may be eligible to obtain an 'NT tax code' from HMRC.

An NT tax code is a UK tax code issued by HMRC to indicate that 'No Tax' should be deducted via PAYE (Pay As You Earn) income tax from certain types of income. This is most commonly pensions or income for non-residents.

IFGL Pensions cannot provide financial advice or assist with member applications to HMRC to obtain an NT tax code.

The HMRC application process must be completed by the member and submitted to HMRC directly. Based on our previous experience assisting our advisers and members we note that HMRC may need to know the PAYE information for the Scheme in which the member holds pension benefits. We have supplied these below for your ease of reference:

Scheme	PAYE Reference
MW SIPP 2	428/HZ99317
RL360 SIPP	475/NE89365
Hoxton Wealth SIPP	120/WE93179

Please note members within the Ardan SIPP should use the reference above for MW SIPP 2.

Once the member application is in process with HMRC, the member should contact IFGL Pensions to start taking nominal income from the SIPP. This will allow us to submit income request submissions to HMRC, and in return HMRC will notify us of the correct tax code to use for the member. We may not receive the notification of NT tax code straightaway, and we are dependent on HMRC to notify us as and when they update their records.

As the process of obtaining an NT code can take several months or more, we recommend members with an urgent income requirement plan sufficiently in advance with their financial adviser.

Please note that HMRC expects a pension provider to pay a member regular income for the member to retain the NT code. This means that members who take ad hoc payments only may find that HMRC will change their tax code. **We strongly suggest that member speaks to HMRC to obtain guidance on this if they are not intending on taking regular income payments from their SIPP.**

If you have additional questions after reading this note, please contact pensions@ifglpensions.com

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