



Crowe Clark Whitehill LLC™

## ISLE OF MAN RESIDENTS WITH UK PENSIONS

The UK completed a major overhaul of its pension rules in 2006. The changes, which took effect from 6 April 2006 (known as 'A' Day), allow you in some circumstances to move your UK pension to the Isle of Man, where it could benefit from more attractive taxation!.

### Taxation (Post 'A' Day Planning Opportunity)

Under post 'A' Day transfer rules, it is possible to transfer certain pension funds to the Island even if you are already in receipt of drawdown from a UK pension. The fund can then benefit from more attractive rules which apply to Isle of Man pension schemes. The subsequent pension will then be converted from UK source income to Isle of Man source income. This planning can be considered by those who are in "drawdown" from their UK pension fund, but have not yet purchased an annuity from a UK insurance company.

### Capital Preservation

In addition to reducing taxation, pension transfers to the IOM can also provide significant capital preservation advantages. See our separate note on the new Isle of Man Pensions legislation – "Isle of Man Pension Scheme Changes".

Although not pension advisers ourselves, we can introduce you to a local firm of pension advisers who will be able to advise you. They would be happy to undertake a review of your situation without cost or obligation, to determine whether a pension transfer would be advantageous.

If you are interested in taking up this offer please phone us to arrange.

### Other Tax Changes

On 29 September 2008 the Isle of Man and the UK signed an amendment to the 1955 Double Tax Agreement between the two jurisdictions.

This new agreement provides that pensions paid to a resident of one of the territories will be taxable only in that territory, effective from 6 April 2009. To effect this, a claim needs to be made. If a claim could be made, but is not made, the Isle of Man Income Tax Division will not give double tax relief in respect of the UK tax paid (unnecessarily) on the pension.

This is good news for those Manx residents who are already drawing a UK pension as it will be taxable in future only in the Isle of Man. However the pension scheme itself will continue to operate under UK rules.

If you would like to know more then please contact  
Pam Harvey : [pam.harvey@crowe.im](mailto:pam.harvey@crowe.im) John Cowan : [john.cowan@crowe.im](mailto:john.cowan@crowe.im)  
or Elaine Rudge : [elaine.rudge@crowe.im](mailto:elaine.rudge@crowe.im)

Crowe Clark Whitehill LLC, 6<sup>th</sup> Floor, Victory House, Prospect Hill, Douglas IM1 1EQ  
Tel: 01624 627335; Fax: 01624 677225; Web: [www.crowe.im](http://www.crowe.im)

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