

Further information on the consultation on the draft regulations can be found [here](#).

Revaluation Order published

The Occupational Pensions (Revaluation) Order 2017 comes into force on 1 January 2018, and specifies a higher revaluation percentage of 3.0% and a lower revaluation percentage of 2.5% for the year 1 January 2017 to 31 December 2017.

Select Committee proposes strengthening of Pension Wise signposting

The Work and Pensions Select Committee has proposed strengthening the current signposting requirements for Pensions Wise. The Select Committee found that while there is a 94% satisfaction rate with Pensions Wise, there is only a 20% take up rate.

In order to improve this the Select Committee recommended that the legislation is strengthened so that, rather than plans simply notifying individuals of the availability of Pensions Wise, trustees would need to ensure that an individual receives or expressly refuses guidance before being granted access to their pension pot.

The Select Committee report can be viewed [here](#).

New guidance on DC chair's statement

The Regulator has published a 'Quick Guide' to assist trustees with the preparation of a DC Chair's statement. It includes examples of what information would be included in a good Chair's statement and what a poor Chair's statement looks like.

The Quick Guide is based on real-life Chair's statements received by the Regulator, and we recommend Trustees check the Quick Guide before submitting their next Chair's statement to see whether any changes are needed to reflect the Regulator's best practice.

A copy of the Quick Guide can be viewed [here](#).

Reduction of money purchase annual allowance to £4,000 becomes law

The suspension of Parliament for the UK general election earlier this year delayed two changes to pensions tax legislation:

- the reduction in the money purchase annual allowance (applicable to individuals who have flexibly accessed their pension benefits) from £10,000 to £4,000
- £500 income tax exemption for employer funded pension advice in certain circumstances

Due to the delay there was a question mark over when the changes would come into effect and if this could be effected retrospectively. ***However, the Finance (No. 2) Act 2017 became law in November 2017 and takes effect retrospectively from 6 April 2017, which is the date from which the changes were originally intended to be made.***

PPF issue revised approach to bridging pensions

We reported in our September Update (click [here](#)) on the Pension Protection Fund ("PPF")'s consultation on options for taking account of bridging pensions in PPF compensation. The PPF has issued a further consultation and draft regulations that will permit PPF compensation to be reduced, which the PPF says will more closely reflect the approach taken by pension schemes. The consultation can be viewed [here](#) and draft regulations can be viewed [here](#).

Trustees fail in challenge on VAT treatment

The Trustees of the United Biscuits defined benefit pension scheme have failed in their argument that fund management services supplied by their investment managers should not be subject to VAT.

The basis for their argument was a VAT exemption under UK law for insurance and reinsurance transactions. Due to this exemption, HMRC does not require VAT to be applied to fund management services provided by insurers, and the Trustees argued that on the basis of 'fiscal neutrality' that this should also apply to the provision of fund management services by non-insurers.

The High Court rejected the argument and upheld the distinction between services provided by insurance companies and those provided by non-insurance companies. However, the distinction will not be maintained beyond April 2019 as HMRC has recently announced the withdrawal of this favourable treatment.

Contact us

If you wish to discuss any of these issues further, please contact your usual Baker McKenzie lawyer.

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