



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 6

SCHEMES THAT ARE NOT REGISTERED PENSION SCHEMES

^{F1}Non-UK schemes: the overseas transfer charge

Textual Amendments

- F1** Ss. 244A-244N and cross-heading inserted (with effect in accordance with Sch. 4 para. 25 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 4 para. 11](#)

244A Overseas transfer charge

- (1) A charge to income tax, to be known as the overseas transfer charge, arises where—
 - (a) a recognised transfer is made to a QROPS, or
 - (b) an onward transfer is made during the relevant period for the original transfer, and the transfer is not excluded from the charge by or under any of sections 244B to 244H.
- (2) Sections 244B to 244H are subject to section 244I (circumstances in which exclusions do not apply).
- (3) In this group of sections, an “onward transfer” is a transfer of sums or assets held for the purposes of, or representing accrued rights under, an arrangement under a QROPS or former QROPS in relation to a member so as to become held for the purposes of, or to represent rights under, an arrangement under another QROPS in relation to that person as a member of that other QROPS.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (4) In this group of sections “relevant period” means—
- (a) in the case of a recognised transfer made on 6 April in any year, the 5 years beginning with the date of the transfer,
 - (b) in the case of any other recognised transfer, the period consisting of the combination of—
 - (i) the period beginning with the date of the transfer and ending immediately before the next 6 April, and
 - (ii) the 5 years beginning at the end of that initial period,
 - (c) in the case of an onward transfer, the period—
 - (i) beginning with the date of the transfer, and
 - (ii) ending at the end of the relevant period for the original transfer (see paragraphs (a) and (b) or, as the case may be, paragraphs (d) and (e)),
 - (d) in the case of a relevant transfer that—
 - (i) is made on 6 April in any year, and
 - (ii) is the original transfer for an onward transfer,
 the 5 years beginning with the date of the relevant transfer, and
 - (e) in the case of a relevant transfer that—
 - (i) is made otherwise than on 6 April in any year, and
 - (ii) is the original transfer for an onward transfer,
 the period consisting of the combination of: the period beginning with the date of the relevant transfer and ending immediately before the next 6 April; and the 5 years beginning at the end of that initial period.
- (5) In this group of sections “the original transfer”, in relation to an onward transfer, means (subject to subsection (6))—
- (a) the recognised transfer in respect of which the following conditions are met—
 - (i) it is from a registered pension scheme to a QROPS,
 - (ii) the sums and assets transferred by the onward transfer directly or indirectly derive from those transferred by it, and
 - (iii) it is more recent than any other recognised transfer in respect of which the conditions in sub-paragraphs (i) and (ii) are met, or
 - (b) where there is no such recognised transfer, the relevant transfer (see paragraph 1(6) of Schedule 34) in respect of which the following conditions are met—
 - (i) it is from a relevant non-UK scheme (see paragraph 1(5) of Schedule 34),
 - (ii) it is a transfer of the whole or part of the UK tax-relieved fund (see paragraph 3 of Schedule 34) of a member of the scheme,
 - (iii) it is to a QROPS, and
 - (iv) the sums and assets transferred by the onward transfer directly or indirectly derive from those transferred by it.
- (6) Where apart from this subsection there would be different original transfers for different parts of an onward transfer, each such part of the onward transfer is to be treated as a separate onward transfer for the purposes of this group of sections.
- (7) In this section and sections 244B to 244N—
- “QROPS” means a qualifying recognised overseas pension scheme, and
 - “former QROPS” means a scheme that has at any time been a QROPS;

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

“ring-fenced transfer fund”, in relation to a QROPS or former QROPS, has the meaning given by paragraph 1 of Schedule 34;

“this group of sections” means this section and sections 244B to 244N.

244B Exclusion: member and receiving scheme in same country

- (1) A recognised transfer to a QROPS is excluded from the overseas transfer charge if during the relevant period—
 - (a) the member is resident in the country or territory in which the QROPS is established, and
 - (b) there is no onward transfer—
 - (i) for which the recognised transfer is the original transfer, and
 - (ii) which is not excluded from the charge.
- (2) If the member is resident in that country or territory at the time of the transfer mentioned in subsection (1), it is to be assumed for the purposes of subsection (1) that the member will be resident in that country or territory during the relevant period; but if, at a time before the end of the relevant period, the transfer ceases to be excluded by subsection (1) otherwise than by reason of the member's death—
 - (a) that assumption is from that time no longer to be made, and
 - (b) the charge on the transfer is treated as charged at that time.
- (3) An onward transfer to a QROPS (“transfer A”) is excluded from the overseas transfer charge if during so much of the relevant period as is after the time of transfer A—
 - (a) the member is resident in the country or territory in which the QROPS is established, and
 - (b) there is no subsequent onward transfer that—
 - (i) is of sums and assets which, in whole or part, directly or indirectly derive from those transferred by transfer A, and
 - (ii) is not excluded from the charge.
- (4) If the member is resident in that country or territory at the time of transfer A, it is to be assumed for the purposes of subsection (3) that the member will be resident in that country or territory during so much of the relevant period as is after the time of transfer A; but if, at a time before the end of the relevant period, the transfer ceases to be excluded by subsection (3) otherwise than by reason of the member's death—
 - (a) that assumption is from that time no longer to be made, and
 - (b) the charge on transfer A is treated as charged at that time.

244C Exclusion: ^{F2}receiving scheme in EEA state ^{F3}or Gibraltar], and member resident in UK or EEA state]

- (1) This section applies to a transfer to a QROPS established in an EEA state ^{F4}or Gibraltar].
- (2) If the transfer is a recognised transfer, the transfer is excluded from the overseas transfer charge if during the relevant period—
 - (a) the member is resident in ^{F5}a relevant territory] (whether or not the ^{F6}same relevant territory] throughout that period), and
 - (b) there is no onward transfer—
 - (i) for which the recognised transfer is the original transfer, and

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (ii) which is not excluded from the charge.
- (3) If the member is resident in [^{F5}a relevant territory] at the time of the recognised transfer mentioned in subsection (2), it is to be assumed for the purposes of this section that the member will be resident in [^{F5}a relevant territory] during the relevant period; but if, at a time before the end of the relevant period, the transfer ceases to be excluded by subsection (2) otherwise than by reason of the member's death—
- (a) that assumption is from that time no longer to be made, and
 - (b) the charge on the transfer is treated as charged at that time.
- (4) If the transfer is an onward transfer (“transfer B”), the transfer is excluded from the overseas transfer charge if during so much of the relevant period as is after the time of the onward transfer—
- (a) the member is resident in [^{F5}a relevant territory] (whether or not the [^{F7}same relevant territory] at all those times), and
 - (b) there is no subsequent onward transfer that—
 - (i) is of sums and assets which, in whole or part, directly or indirectly derive from those transferred by transfer B, and
 - (ii) is not excluded from the charge.
- (5) If the member is resident in [^{F5}a relevant territory] at the time of transfer B, it is to be assumed for the purposes of subsection (4) that the member will be resident in [^{F5}a relevant territory] during so much of the relevant period as is after the time of transfer B; but if, at a time before the end of the relevant period, the transfer ceases to be excluded by subsection (4) otherwise than by reason of the member's death—
- (a) that assumption is from that time no longer to be made, and
 - (b) the charge on transfer B is treated as charged at that time.

[^{F8}(6) In this section “relevant territory” means the United Kingdom or an EEA state.]

Textual Amendments

- F2** Words in s. 244C heading substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **12(2)(a)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in s. 244C heading inserted (18.2.2021 with effect from IP completion day) by [The Pension Schemes \(Qualifying Recognised Overseas Pension Schemes\) \(Gibraltar\) \(Exclusion of Overseas Transfer Charge\) Regulations 2021 \(S.I. 2021/89\)](#), regs. 1, **2(2)(a)**
- F4** Words in s. 244C(1) inserted (18.2.2021 with effect from IP completion day) by [The Pension Schemes \(Qualifying Recognised Overseas Pension Schemes\) \(Gibraltar\) \(Exclusion of Overseas Transfer Charge\) Regulations 2021 \(S.I. 2021/89\)](#), regs. 1, **2(2)(b)**
- F5** Words in s. 244C(2)-(5) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **12(2)(b)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F6** Words in s. 244C(2) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **12(2)(c)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in s. 244C(4) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **12(2)(c)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F8** S. 244C(6) inserted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **12(2)(d)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)

244D Exclusion: receiving scheme is an occupational pension scheme

A transfer to a QROPS is excluded from the overseas transfer charge if—

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (a) the QROPS is an occupational pension scheme, and
- (b) when the transfer is made, the member is an employee of a sponsoring employer of the QROPS.

244E Exclusion: receiving scheme set up by international organisation

- (1) A transfer to a QROPS is excluded from the overseas transfer charge if—
 - (a) the QROPS is established by an international organisation and has effect so as to provide benefits for, or in respect of, past service as an employee of the organisation, and
 - (b) when the transfer is made, the member is an employee of the organisation.
- (2) In this section “international organisation” means an organisation to which section 1 of the International Organisations Act 1968 applies by virtue of an Order in Council under subsection (1) of that section.

244F Exclusion: receiving scheme is an overseas public service scheme

- (1) A transfer to a QROPS is excluded from the overseas transfer charge if—
 - (a) the QROPS is an overseas public service pension scheme, and
 - (b) when the transfer is made, the member is an employee of an employer that participates in the scheme.
- (2) A QROPS is an “overseas public service pension scheme” for the purposes of this section if—
 - (a) either—
 - (i) it is established by or under the law of the country or territory in which it is established, or
 - (ii) it is approved by the government of that country or territory, and
 - (b) it is established solely for the purpose of providing benefits to individuals for or in respect of services rendered to—
 - (i) that country or territory, or
 - (ii) any political subdivision or local authority of that country or territory.
- (3) For the purposes of this section, an employer participates in a QROPS that is an overseas public service pension scheme if the scheme has effect so as to provide benefits to or in respect of any or all of the employees of the employer in respect of their employment by the employer.

244G Exclusions: avoidance of double charge, and transitional protections

- (1) A recognised transfer to a QROPS is excluded from the overseas transfer charge if it is made in execution of a request made before 9 March 2017.
- (2) An onward transfer (“the current onward transfer”) is excluded from the overseas transfer charge if—
 - (a) the charge has been paid on the original transfer and the amount paid is not repayable, or
 - (b) the charge has been paid on an onward transfer (“the earlier onward transfer”) in respect of which the conditions in subsection (4) are met and the amount paid is not repayable, or

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (c) the original transfer was made before 9 March 2017, or
 - (d) the original transfer was made on or after 9 March 2017 in execution of a request made before 9 March 2017.
- (3) An onward transfer is excluded from the overseas transfer charge so far as the transfer is made otherwise than out of the member's ring-fenced transfer funds under the scheme from which the onward transfer is made.
- (4) The conditions mentioned in subsection (2)(b) are—
- (a) that the earlier onward transfer was made before the current onward transfer,
 - (b) that the earlier onward transfer was made after the original transfer, and
 - (c) that all the sums and assets transferred by the current onward transfer directly or indirectly derive from those transferred by the earlier onward transfer.

244H Power to provide for further exclusions

The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for a recognised transfer to a QROPS, or an onward transfer, to be excluded from the overseas transfer charge if the transfer is of a description specified in the regulations.

244I Circumstances in which exclusions do not apply

- (1) Subsection (2) applies if a recognised transfer to a QROPS, or an onward transfer, would (but for this section) be excluded from the overseas transfer charge by any of sections 244B to 244F.
- (2) The transfer is not excluded from the charge if the member has, in connection with the transfer, failed to comply with the relevant information regulation.
- (3) In subsection (2) “the relevant information regulation” means whichever of the following is applicable—
 - (a) regulation 11BA of the Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567), or any regulation having effect in place of any of that regulation, as (in either case) from time to time amended, and
 - (b) regulation 3AE of the Pension Schemes (Information Requirements for Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006 (S.I. 2006/208), or any regulation having effect in place of any of that regulation, as (in either case) from time to time amended.

244J Persons liable to charge

- (1) In the case of a recognised transfer to a QROPS, the persons liable to the overseas transfer charge are—
 - (a) the scheme administrator of the registered pension scheme from which the transfer is made, and
 - (b) the member,
 and their liability is joint and several.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (2) In the case of an onward transfer, the persons liable to the overseas transfer charge are—
- (a) the scheme manager of the QROPS, or former QROPS, from which the transfer is made, and
 - (b) the member,
- and their liability is joint and several.
- (3) Subsections (1) and (2) are subject to subsection (4), and subsections (2) and (4) are subject to subsection (5).
- (4) If a transfer is one required by section 244B or 244C to be initially assumed to be excluded by that section but an event occurring before the end of the relevant period means that the transfer is not so excluded, the persons liable to the overseas transfer charge in the case of the transfer are—
- (a) the scheme manager of any QROPS, or former QROPS, under which the member has, at the time of the event, ring-fenced transfer funds in which any of the sums and assets referred to in section 244K(6) in the case of the transfer are represented, and
 - (b) the member,
- and their liability is joint and several.
- (5) The scheme manager of a former QROPS is liable to the overseas transfer charge in the case of a transfer (“the transfer concerned”) only if the former QROPS—
- (a) was a QROPS when a relevant inward transfer was made, and
 - (b) where a relevant inward transfer was made before 9 March 2017, was a QROPS at the start of 9 March 2017;
- and here “relevant inward transfer” means a recognised or onwards transfer to the former QROPS (at a time when it was a QROPS) of sums and assets which, to any extent, are represented by sums or assets transferred by the transfer concerned.
- (6) A person is liable to the overseas transfer charge whether or not—
- (a) that person, and
 - (b) any other person who is liable to the charge,
- are resident or domiciled in the United Kingdom.

244K Amount of charge

- (1) Where the overseas transfer charge arises in the case of a transfer, the charge is 25% of the transferred value.
- (2) If the transfer is from a registered pension scheme established in the United Kingdom, the transferred value is the total of—
- (a) the amount of any sums transferred, and
 - (b) the value of any assets transferred,
- but this is subject to subsections (5) to (9).
- (3) If the transfer is from a registered pension scheme established in a country or territory outside the United Kingdom, the transferred value is the total of—
- (a) the amount of any sums transferred that are attributable to UK-relieved funds of the scheme, and

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (b) the value of any assets transferred that are attributable to UK-relieved funds of the scheme,
but this is subject to subsections (5) to (9).
- (4) If the transfer is from a QROPS or former QROPS, the transferred value is the total of—
- (a) the amount of any sums transferred that are attributable to the member's ring-fenced transfer funds under the scheme, and
 - (b) the value of any assets transferred that are attributable to the member's ring-fenced transfer funds under the scheme,
- but this is subject to subsections (5) to (9).
- (5) If the lifetime allowance charge arises in the case of the transfer and is to be deducted from the transfer, paragraphs (a) and (b) of subsections (2) to (4) are to be read as referring to what is to be transferred after deduction of the lifetime allowance charge.
- (6) If the transfer is one initially assumed to be excluded by section 244B or 244C but an event occurring before the end of the relevant period means that the transfer is not so excluded, the sums and assets mentioned in whichever of subsections (2) to (4) is applicable include only those that at the time of the event are represented in any of the member's ring-fenced transfer funds under any QROPS or former QROPS.
- (7) If the operator pays the charge on the transfer and does so—
- (a) otherwise than by deduction from the transfer, and
 - (b) out of sums and assets held for the purposes of, or representing accrued rights under, the scheme from which the transfer is made,
- the transferred value is the amount given by subsections (2) to (6) grossed up by reference to the rate specified in subsection (1).
- (8) If the operator pays the charge on the transfer and does so by deduction from the transfer, the transferred value is the amount given by subsections (2) to (6) before the deduction.
- (9) If the member pays the charge on the transfer, the transferred value is the amount given by subsections (2) to (6) without any deduction for the charge.
- (10) The provisions of this Part relating to the lifetime allowance charge apply (whether or not in relation to the transfer) as if the overseas transfer charge did not arise in the case of the transfer.
- (11) In this section—
- “the operator” means—
- (a) the scheme administrator of the scheme from which the transfer is to be made if that scheme is a registered pension scheme, or
 - (b) the scheme manager of the scheme from which the transfer is to be made if that scheme is a QROPS or former QROPS;
- “UK-relieved funds”, in relation to a registered pension scheme established in a country or territory outside the United Kingdom, has the meaning given by section 242B.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

244L Accounting for overseas transfer charge by scheme managers

- (1) In this section “charge” means overseas transfer charge for which the scheme manager of a QROPS or former QROPS is liable.
- (2) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for or in connection with—
 - (a) the payment of charge, including due dates for payment,
 - (b) the charging of interest on charge not paid on or before its due date,
 - (c) notification by the scheme manager of errors in information provided by the scheme manager to the Commissioners in connection with charge or the scheme manager's liability for overseas transfer charge,
 - (d) repayments to scheme managers under section 244M of amounts paid by way of charge, and
 - (e) the making of assessments, repayments or adjustments in cases where the correct amount of charge has not been paid by the due date for payment of the charge.
- (3) The regulations may, in particular—
 - (a) modify the operation of any provision of the Tax Acts, or
 - (b) provide for the application of any provision of the Tax Acts (with or without modification).

244M Repayments of charge on subsequent excluding events

- (1) This section applies if—
 - (a) overseas transfer charge arose on a transfer at the time the transfer was made, and
 - (b) at a time during the relevant period for the transfer, circumstances arise such that, had those circumstances existed at the time the transfer was made, the transfer would at the time it was made have been excluded from the charge by sections 244B to 244F or under section 244H.
- (2) Any amount paid in respect of charge on the transfer is to be repaid by the Commissioners for Her Majesty's Revenue and Customs so far as not already repaid.
- (3) Subsection (2) does not give rise to entitlement to repayment of, or cancellation of liabilities to, interest or penalties in respect of late payment of charge on the transfer.
- (4) Repayment under this section to the scheme administrator of a registered pension scheme, or the scheme manager of a QROPS or former QROPS, is conditional on prior compliance with any requirements to give information to the Commissioners, about the circumstances in which the right to the repayment arises, that are imposed on the prospective recipient under section 169 or 251 (but repayment is not conditional on compliance with any time limits so imposed for compliance with any such requirements).
- (5) Repayment under this section is not a relievable pension contribution.
- (6) Repayment under this section to the member is conditional on making a claim, and such a claim must be made no later than one year after the end of the relevant period for the transfer concerned.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (7) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for or in connection with claims or repayments under this section, including provision—
- (a) requiring claims,
 - (b) about who may claim,
 - (c) imposing conditions for making claims, including conditions about time limits,
 - (d) as to additional circumstances in which repayments may be made,
 - (e) modifying the operation of any provision of the Tax Acts, or
 - (f) applying any provision of the Tax Acts (with or without modifications).

244N Discharge of liability of scheme administrator or manager

- (1) In this section “operator” means—
- (a) the scheme administrator of a registered pension scheme, or
 - (b) the scheme manager of a QROPS or former QROPS.
- (2) If an operator is liable under section 244J, the operator may apply to an officer of Revenue and Customs for the discharge of the operator's liability on the following ground.
- (3) The ground is that—
- (a) the operator reasonably believed that there was no liability to the overseas transfer charge on the transfer concerned, and
 - (b) in all the circumstances of the case, it would not be just and reasonable for the operator to be liable to the charge on the transfer.
- (4) On receiving an application under subsection (2), an officer of Revenue and Customs must decide whether to discharge the operator's liability.
- (5) An officer of Revenue and Customs must notify the operator of the decision on the application.
- (6) The discharge of the operator's liability does not affect the liability of any other person to overseas transfer charge on the transfer concerned.
- (7) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision supplementing this section, including provision for time limits for making an application under this section.]

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)