



 **GARRISON  
BRIDGE**  
Superannuation Scheme

O.T.C  
How it applies  
to NZ Investors

Dai Eveleigh

# Overseas Transfer Charge

- OTC introduced in 9<sup>th</sup> March 2017 UK Budget
- Pre Budget Transfers
- When the charge applies
- Exemptions
- 5 year liability trap
- Transfers from one QROPS to another QROPS
- Reclaiming the OTC
- Case study questions

This section is only focused on the OTC.

There may be other factors or tax matters that investors will need to consider.

- The introduction of the Overseas Transfer Charge was announced on the 9<sup>th</sup> of March 2017. Transfers to QROPS are subject to the charge unless the transfer is excluded from it.
- The charge is 25% of the Transferred Value

# Exclusion – Pre Budget Day money



# When the charge applies

The Overseas Transfer Charge applies to certain transfers from:

- Registered Pension Scheme to a QROPS
- QROPS (or former QROPS) to another QROPS

There are five exclusions

1. The member is resident in the same country in which the QROPS receiving the Transfer is established
2. Resident in the European Economic Area (EEA) and the QROPS is established in the EEA
3. International Organisation and the member is an employee of that organisation

4. The QROPS is an overseas public service pension scheme and the members employer participates in the scheme

5. The QROPS is an occupational pension scheme and the member is an employee of a sponsoring employer under the scheme

# 5 Year Liability Trap

- Change of Circumstances may result in 25% OTC
- 5 UK tax years from date of transfer
- Only applies to Post 9<sup>th</sup> March 2017 transfers





# QROPS to QROPS transfers

- Any onward transfer of funds that are post 9<sup>th</sup> March 2017, could be assessed for OTC if made within the 'relevant period', being 5 UK tax years after the **original** transfer
- The OTC is charged unless
  - one of the 5 exemptions applies
  - the transfer is pre 9<sup>th</sup> of March 2017 funds
  - the relevant period has expired
  - the 'ring fenced' funds have been exhausted



# Case Studies

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- Bob lives in Wellington and transferred his UK Pension to Garrison Bridge NZ QROPS in January 2017.
- Does Bob have to pay the OTC?

# Case Study

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- Does Bob have to pay the OTC?



## Part 2 .... Same Bob

- Bob moves to Fiji for work in March 2018.
- Does Bob have to pay the OTC?

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- Jane lives in Christchurch and transferred her pension to Garrison Bridge in May 2017.
- Does Jane have to pay the OTC?

## Case 3

- Jane lives in Christchurch and transferred her pension to Garrison Bridge in May 2017.
- Does Jane have to pay the OTC?





# Case 4 .... Same Jane

- Jane moves to Sydney in December 2017 to be with her Grandkids.
- Does Jane have to pay the OTC?

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- Jane moves to Sydney in December 2017 to be with her Grandkids.
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# Case 5 ... it's Jane again!

- Jane didn't like Sydney. She moves to Nelson in 2020 and still has her pension money in Garrison Bridge.
- Does Jane have to pay the OTC again?

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- Jane didn't like Sydney. She moves to Nelson in 2020 and still has her pension money in Garrison Bridge.
- Does Jane have to pay the OTC again?



# Case 6

- Paul, aged 60, transfers to Garrison Bridge in October 2017. Using flexi-access he makes a full withdrawal and closes his account. In January 2018 he moves to Spain to look after his aging Mother.
- Does Paul have to pay the OTC?

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- Does Paul have to pay the OTC?



# Case 7 – QROPS to QROPS

- Harry transfers his UK pension to ABC NZ QROPS in June 2017. In July 2019, he chooses to transfer to Garrison Bridge. In May 2023, he moves to Hong Kong to live permanently.
- Does Harry have to pay the OTC?

# Case 7 – QROPS to QROPS

- Harry transfers his UK scheme to ABC NZ QROPS in June 2017. In July 2019, he chooses to transfer to Garrison Bridge. In May 2023, he moves to Hong Kong to live permanently.
- Does Harry have to pay the OTC?

