



Unauthorised Payments for Registered Pension Schemes

The Main Aim of this unit:

The aim of this Unit is to provide occupational pension scheme administrators with an overview of the legislation surrounding authorised and unauthorised payments, the situations where unauthorised payments can occur and the tax charges that could apply to members and the trustees of a pension scheme. The Unit also outlines the reporting requirements of unauthorised payments to Her Majesty's Revenue and Customs (HMRC).

The learner will need to know and understand:

The Definition of an unauthorised payment:
<ul style="list-style-type: none">• Legislation introducing and affecting unauthorised payments.• Types of authorised and unauthorised payments (Member & Employer)• Areas where an unauthorised payment might occur
The Unauthorised Member Payment Taxation Charge:
<ul style="list-style-type: none">• The rules surrounding a member payment taxation charge• How to calculate an unauthorised member payment charge
The Unauthorised Member Payment Taxation Surcharge:
<ul style="list-style-type: none">• The rules surrounding a member payment taxation surcharge• The surcharge threshold and testing to see if it has been exceeded• The surcharge period and reference date• Calculating the unauthorised member payment surcharge

The Scheme Sanction Taxation Charge:

- The rules surrounding a scheme sanction taxation charge
- How to calculate the scheme sanction charge
- How the scheme sanction charge can be reduced
- Which benefits the scheme sanction charge applies to
- How Her Majesty's Revenue and Custom (HMRC) can give relief to schemes from paying the scheme sanction charge.

Reporting Unauthorised Payments:

- To HMRC
- To the member and any other relevant parties.

The Learning Outcomes for this unit:

On successful completion of this unit the learner will:

1. Know what constitutes an unauthorised payment, how unauthorised payments can occur and identify the categories of unauthorised payments for Members and Employers.
2. Understand the taxation of unauthorised payments identifying the different tax charges and the circumstances when they might occur.
3. Know the difference between the members' unauthorised payments charge, the member's unauthorised payments surcharge and when the scheme sanction charge would apply.
4. Be able to calculate taxation of unauthorised payments to include:
 - a. Taxation on unauthorised payments
 - b. Unauthorised members payments charge
 - c. Unauthorised member payments surcharge
 - d. The scheme sanction charge which can be levied by HMRC
5. Know the regulatory requirements for communicating with members about unauthorised payments and how to ensure these are complied with in the prescribed manner.

Assessment Method

Assessment is via examination compiled, carried out and marked in-house (PMI recognised centre). Assessment is to cover all learning outcomes in order to pass the unit.