

SIPP/QROPS: WHY USE AN OFFSHORE PLAN?

IT IS FREQUENTLY ASKED, WHAT ARE THE BENEFITS ASSOCIATED WITH USING AN OFFSHORE PLAN AS THE SIPP/QROPS INVESTMENT PLATFORM?

If the SIPP or QROPS trustee held the underlying assets directly, there could be additional administration required when making changes to the underlying investments such as switching, withdrawals and receipt of dividends.

There could also be additional trustee fees incurred for each course of action that the trustee has to undertake in addition to any charges levied by the entity that has custody over the schemes assets.

How does this compare to holding the assets within in an offshore plan?

- Assets held within the plan are not subject to Isle of Man tax*.
- There is no Isle of Man tax charge upon the sale of an asset where a gain has been made.
- There is no Isle of Man tax charge upon a receipt of a dividend.
- There are no Isle of Man tax charges where a withdrawal is taken to pay a pension benefit.
- All the investment administration is carried out by the offshore plan provider which can reduce additional fees such as custody fees, dealing charges, and valuation charges.
- The scheme member of the SIPP/QROPS can be provided with online access to view the performance of their investments, subject to prior trustee approval.



What does this mean for the SIPP/QROPS provider?

- They can shrink their costs such as initial and ongoing fees because they have less administration to undertake.
- They potentially have access to a wider choice of funds.
- They can take advantage of the gross roll up facility; generally investments held within the plan can grow free of Isle of Man taxes*.

Important notes

For financial advisers only. Not to be distributed to, nor relied on by retail clients.

The information contained in this document is based on RL360's understanding of HMRC legislation as at February 2019. Whilst every care has been taken, RL360 cannot accept responsibility for its interpretation or any subsequent changes. This information is not intended as a substitute for legal or tax advice.

* with the exception of any withholding tax which is generally not reclaimable.