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Sackers welcomes new PASA guidance on tax issues, despite the fact that a key piece of the jigsaw is still missing

Sacker & Partners LLP (Sackers), the UK's leading specialist law firm for pensions and retirement savings, today welcomes the new guidance from PASA on the tax issues arising from GMP equalisation.

Sackers partner and Head of Knowhow, Claire Carey commented: "We welcome this very comprehensive and much anticipated guidance from PASA. There are multiple tax issues that need to be resolved in any GMP equalisation project. Building on HMRC's GMP equalisation tax guidance to date, PASA's guidance offers some practical approaches for addressing the groundwork already laid. This will hopefully enable schemes to move forward on a more informed basis."

"Crucially, like HMRC's guidance before it, PASA's guidance stops short of providing a much-needed steer on the tax implications of GMP conversion. It also notes that 'no further guidance is expected from HMRC at this time'. However, there is hope on the horizon, with separate PASA GMP conversion guidance expected to be published by the end of April."

"GMP conversion, which was the subject of a 2016 consultation and guidance in April 2019 in response to the Lloyds No.1 case, has long been on the DWP's radar as a possible option for helping to crack the GMP equalisation conundrum. Provided specific procedural steps are taken and certain conditions met, this legislative facility enables GMPs to be converted into ordinary DB benefits."

"In response to our recent survey (conducted as part of our quarterly webinar), the majority of respondents, just under 60%, were still in the starting blocks on their GMP equalisation journey, with just 2% saying they were nearing the finish line. Whilst data issues, ongoing reconciliation and general complexity were all cited as reasons for this, lack of clear tax guidance on conversion was also a common thread."

Carey concluded: "I do not underestimate the challenges that lie ahead for those undertaking GMP equalisation projects and this new PASA guidance will undoubtedly help some schemes press ahead. But, for others, an essential ingredient is still missing."

-ENDS-

Notes to Editors:

Sacker & Partners LLP (Sackers) is a top tier commercial law firm specialising in advising pension scheme trustees, employers, providers and corporate investors on all aspects of their pension arrangements.

Widely viewed as leaders in the field, Sackers advises more of the UK's top 200 pension funds than any other law firm. Sackers is consistently ranked in the top tier for pensions by both leading UK legal directories (Chambers UK and the Legal 500) and has been for over twenty years.

Based in London, Sackers provides support to trustee boards, sponsoring employers, providers and Government bodies across a range of areas, including day to day scheme management, funding and investment, projects, risk and litigation.

Sackers is an active member of the Pensions and Lifetime Savings Association and The Association of Pensions Lawyers and is technical legal expert partner to the Pensions Management Institute and Pension Chair. Sackers also works closely with TPAS, the SPP, and the Pensions Investment Academy.

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