

Pension input changes 'appalling', experts warn

Professional Pensions | 13 Apr 2011 | 12:20

By [Rachel Dalton](#)

Categories: [Industry](#)

Tags: [Pips](#) , [Hargreaves lansdown](#)



The proposed changes to pension input periods are "appallingly drafted" and will lead to further confusion over pension tax, experts have warned.

PIPs are the periods over which pension savings are measured. They generally run for one year from the date of the first contribution.

This means PIPs are not necessarily the same as tax years, leading to complications for investors who want to carry forward their annual allowance (AA) of £50,000 on contributions.

"This tax year you can carry forward unused allowance from 2008/09, 2009/10 and 2010/11," Laith Khalaf, pensions analyst at Hargreaves Lansdown says.

"However, suppose your scheme has a PIP which runs from 7 April to 6 April.

"The contributions you make now count towards 2012/13's annual allowance and the three years you can carry forward into that scheme are 2009/10, 2010/11 and 2011/12. You are missing 2008/09."

Hargreaves Lansdown recommends the Treasury scraps PIPs altogether to prevent some schemes keeping the more complicated system.

The Finance Bill 2011 will implement a one-off opportunity for schemes to extend the 2011/12 PIP, stretching it out to the end of the tax year in order to align it.

However, this is an overly-complicated solution, according to Jennie Kreser, pensions partner at law firm Silverman Sherliker (*pictured*).

"A lot of schemes want to align PIPs with the tax year," she says.

"Some schemes have their PIPs hardwired into their rules, but they also have an amendment power written into them allowing retrospective amendment of PIPs.

"However, HMRC says you cannot retrospectively amend PIPs."

Kreser says there is not enough detail about how this will work from the Treasury.

"It is another piece of appallingly drafted, complicated legislation," she says.

Categories: [Industry](#)

Tags: [Pips](#) , [Hargreaves lansdown](#)

[Comment](#) | [Send to a friend](#) | [Print this page](#) | [Share](#)

Recent comments

There are no comments submitted yet. Do you have an interesting opinion? Then be the first to post a comment.

[Subscribe](#) | [Contribution policy](#) |