

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular on Schemes which qualify as Qualifying Recognised Overseas Pension Schemes

The purpose of this circular is to provide clarification on payment of retirement benefits to Members of retirement schemes licensed under the Retirement Pensions Act (Chapter 514 of the Laws of Malta) and which schemes qualify as Qualifying Recognised Overseas Pension Schemes (QROPS) in terms of UK applicable legislation.

Payment of retirement benefits to Members under QROPS schemes licensed under the Retirement Pensions Act continue to be governed by the provisions of the Pension Rules issued under the Retirement Pensions Act. In this respect specific reference is to be made to SLC 4.6.8 of Part B.4.6 (Retirement Benefits for a defined Contribution Retirement Scheme) of the Pension Rules for Personal Retirement Schemes.

On the 26 July 2016, the Recognised Pensions Commutation (Exemption) Rules, 2016 (Legal Notice 262 of 2016) issued in terms of the Income Tax Act (Chapter 123 of the Laws of Malta) were published in the Government Gazette. These Rules set out the maximum capital sum, in the case of commutation of a pension by a member of a recognised retirement scheme, that may benefit from a tax exemption. Therefore, Legal Notice 262 of 2016 should not be interpreted as modifying the provisions of SLC 4.6.8 referred to above.

Any queries in relation to –

- Pension Rules are to be addressed to the Insurance and Pensions Supervision Unit by email on ipsu@mfsa.com.mt;
- Recognised Pensions Commutation (Exemption) Rules, 2016 are to be addressed to the Inland Revenue Department by email address on: taxpayerservice.ird@gov.mt.

**Communications Unit
Malta Financial Services Authority
26th October 2016**