QNUPS

QNUPS – Qualifying Non-UK Pension Schemes - came into existence in February 2010 but have been overshadowed by the overhaul of the legislation on QROPS - Qualified Recognised Overseas Pension Schemes - by HMRC last year.

An omission in the original QROPS legislation of 2006 meant such overseas pensions could have been subject to IHT, which is not the case with UK pensions. So in February 2010, HMRC rectified this in law which provided for the creation of IHT-exempt overseas pensions, in the form of QNUPS. The statutory instrument defined that all QROPS are also QNUPS, that is to say they benefit from the IHT exemption.

Essentially, not all QNUPS need be QROPS. To put it in context, two identical pension schemes could be established outside the UK. One is registered with HMRC and therefore becomes a QROPS; the other is not, but by virtue of it being a qualifying pension as defined by UK law, is free of all the reporting requirements to which QROPS are subject.

QNUPS were therefore effectively an entirely new structure, enshrined in and fully protected by UK law. Just as importantly, they possess certain unique features that created significant planning opportunities for clients in the right circumstances.

QNUPS are suitable for UK tax residents and non-UK tax residents. For the former, it is normally recommended that those considered high net worth or ultra-high net worth are really suitable for QNUPS. For them to consider QNUPS and they may have used up - or be likely to use up - their UK tax-relieved pension lifetime allowance, which falls from £1.8m to £1.5m from 2012, or they may already be using their full £50,000 annual tax-relieved pension contribution allowance.

Foremost among QNUPS' attractions is that any assets placed in them are generally immediately 100% IHT-free. This differs from a UK pension, where, if death benefits are paid from any company or personal pension after tax free cash has been taken, although there is no IHT, a 55% tax applies on death.

It should be taken into account that there is always the possibility of HMRC challenge, if it felt that the scheme has been used, for example, as death bed planning or clear IHT avoidance. However, it also important to note that there is no penalty charge for this and the individual would just be returned back to where they were (less fees) if they had not contributed to the QNUPS. Therefore it is paramount that each individual's circumstance must be analysed by a professional and qualified adviser.

QNUPS must be used as a pension, and any contributions must be appropriate and proportionate to their personal situation. Some people have questioned how £500,000 or more can be considered a valid pension contribution and commentators suggested that this is simply too much money. However, with UK registered executive pension schemes this would be considered only a medium sized contribution and for some older schemes it would have been considered a small contribution. So this is clearly not a valid concern and what constitutes an appropriate contribution depends on an individual's wealth and personal circumstances.

You certainly cannot put everything you own into a QNUPS because you need to retain enough funds on which you can live comfortably, although governments are pressing for everyone to make substantial improvements to personal pension planning to reduce reliance on public support in retirement.

Any scheme such as a QNUPS or international pension plan can invest in almost any asset which includes private shares, residential property or event art, although if an income stream is required then it is the assets that can generate a steady and liquid return at retirement. Portugal has some very generous tax breaks on pension income and if the jurisdiction where the QNUPS is held allows for the income to be distributed gross, then you may also benefit from the Non-Habitual Residence status to receive pension income free of tax in Portugal if you qualify.

This article is intended to provide a general review of certain topics and its purpose is to inform but NOT to recommend or support any specific investments or course of action.

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Raoul also has regular radio appearances with Raoul's Rant on the Owen Gee Solid Gold Sunday show and the Money Minute on the Kiss FM Breakfast Show with Si Frater from Tuesday to Thursday between 11 and 12.

Joro under new management

Joro Lda is now under the sole management of its founder – Marion Griffiths. She would like it to be known that Mr. Marques Dias has no authority in the day to day running of this long established company.

Marion Griffiths is in the process of restructuring Joro, which is now operating from the 4 Estradas premises.

Joro will continue supplying quality equipment for the home, along with an excellent after-sales service – a policy which is unchanged since Marion Griffiths started the business 25 years ago.

"We thank our loyal clients for their patience should they experience any inconvenience during this restructuring period"

Please note our new (temporary) phone number 289 093024 and E mail address loja@joro.pt

Building industry still 20 percent down on year despite January rise

Construction sector output in Portugal in January was down more than one fifth from a year earlier, the second worst performance in the European Union, figures released by the EU's statistical arm this week show.

The year-on-year drop in Portugal was the largest since August, the Eurostat report said.

That was despite the fact that the country's construction output rose for the second consecutive month, this time by 1.2 percent in January from December.

Construction has been one of Portugal's most important sectors in recent decades, driving much of the economy's growth, but has now been hit by an unprecedented crisis.

In the EU as a whole, sector output was down 1.3 percent on the month, and in the euro zone by 1.4 percent.

The worst monthly figure was again from Slovenia, with a drop of 7.4 percent in January from December, followed by Sweden, with a drop of 5.1 percent and the Czech Republic with 4.4 percent. The best performers were Poland with 5.3 percent, Bulgaria with 3.7 percent and Germany with 3 percent.

The year-on-year figures show sector output in the EU as a whole was down 8 percent, while in the euro zone it was down 7.3 percent.

In Portugal, construction output was down 20.2 percent, second only to Slovenia, where output was down 22.1 percent. In Poland, the next worst performer, it was down 17.3 percent. *TPN/Lusa*

Budget adjusted for Croatia's entry to the EU

The European Commission has proposed to amend this year's EU budget to take into account the impact of Croatia's accession to the EU.

The proposed increase amounts to €655.1 million in commitments (0.4 percent of the 2013 budget) and €374.0 million (0.3%) in payments.

These amounts reflect the provisions of the accession treaty signed between the EU and Croatia.

"From 1 July 2013 when Croatia joins the EU", says EU Commissioner for Financial programming and Budget Janusz Lewandowski, "Croat regions and towns, small and medium-sized businesses, NGOs, scientists and other will be eligible for EU funds just like any other Member State. This amending budget simply implements the financial aspects of the unanimous agreement of EU Member State to welcome Croatia as the 28th Member of the European Union."

Croatia's contribution to the 2013 EU budget will be €211.9 million.

Croatia applied for EU membership in 2003 and started accession negotiations in 2005.

On 9 December 2011 the EU and Croatia signed the Accession Treaty. Subject to its ratification by all EU countries, the country will become the 28th EU Member State on 1 July 2013.