# OTS Consultation on third-party data reporting
# Comment from the Association of Consulting Actuaries (ACA)

ASSOCIATION OF CONSULTING ACTUARIES

## PRESS RELEASE: IMMEDIATE

## ACA expresses support in OTS response for 'sensible' initiatives to simplify pension tax system

**15 April 2021 - In its response to the Office of Tax Simplification's call for evidence on its third-party data reporting review, the Association of Consulting Actuaries (ACA) has expressed support for any 'sensible' initiatives to simplify the processes of the pensions tax system and make it easier for individuals to save for retirement.**

**ACA Pensions Taxation Committee Chair, Karen Goldschmidt comments**:

*"For schemes where tax relief is given via Relief at Source, currently higher-rate taxpayers get part of their relief on their personal contributions by claiming from HMRC (e.g. via their tax returns) but many miss out due to ignorance or inertia – overall it is estimated losing £750 million in relief: a change so that the schemes pass individual contribution information to HMRC would mean these savers get their rightful pensions tax relief automatically and/or earlier.*

*"However, any changes that OTS proposes must be realistic, manageable and proportionate and not result in inappropriate administrative burdens for employers and pension scheme providers. In particular, changes to try to enable HMRC to take over automatic management of the infamously complicated Annual Allowance are unlikely to be practical or worth the information burden that would be involved especially for Defined Benefit savings. Any OTS proposals need to recognise that Government may well overhaul the pensions tax regime soon - and any regime change from the Government needs to learn from the AA challenges and be deliverable without creating huge administration burdens".*

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## About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.



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# Appendix

## In February 2021 the Association published a report – *Pensions: Build back better* – with one of the public policy recommendations being:

**There is an urgent need now for significant simplification of the pension tax regime, with clear policy goals and extensive consultations to minimise unintended consequences.**

**Key survey finding:**

- **79% of employers say the complex pensions tax regime is negatively impacting their business and 89% say it needs simplifying even if that means some people are worse off.**

**Karen Goldschmidt, Chair of the ACA Pensions Taxation Committee, commented:** ***"****The Government needs to think carefully on how any further pension tax reforms should be progressed, given the considerable sums involved and the resulting personal financial implications for public and private sector employees (in both DB and DC schemes) of making any changes.*

*"We strongly urge that any measures are for the long term, properly thought through, involving widespread consultations, so that best endeavours are made to smooth out the problems which have resulted from numerous tweaks made in the regime in recent years. We accept that there are challenges especially if the policy is that changes are overall to be fiscally neutral (or revenue raising), noting that only part of the published "cost of relief" relates to future accrual."* (For more, see **Report** pages 8 and 24)