

Contributions into a SIPP

The HMRC legislation for registered pension schemes allows Contributions to be paid in to SIPP's. Tax relief can be claimed on these contributions as long as they are within the annual allowance set by the HMRC pension legislation, currently £40,000.

The contributions can be paid into the scheme on an adhoc or regular basis and can arrive in to the scheme from different sources:-

Personal Contributions

As SIPP provider we can reclaim 20% tax relief on all personal contributions from the HMRC as long as the following applies:

- The member is a UK resident and pays UK income tax
- The contribution must be within 100% of the members earnings or,
- £3600 gross
- The contribution is within the annual allowance
- A contribution form has been fully completed and signed by the member.

Employer Contributions

SIPP providers can not claim tax relief on Employer contributions; however this can be done by the Company direct with the HMRC. The Company's Accountant should advise on what level of contribution will received tax relief up to £40,000.

In order for an Employers Contribution to be accepted in to the SIPP we will require

- A fully completed contribution form providing details of the Employer and signed by the member
- Suitable due diligence completed on the Employer. For the majority of cases we will require a copy of the certificate of incorporation, copy of the latest AR01 return and proof of identity and address for any controlling share holders (those who own 20% or more of the company shares).

Third Party Contributions

A contribution can also be paid by a third party; this includes an individual, corporate body or any other legal entity.

Third party contributions are classed as net contributions so the Pension Scheme can claim tax relief on the contribution and not the party making the payment as long as it is paid within the personal contribution levels specified above.

Pension Input Period

The pension input period for The Lifetime SIPP is 6th April to 5th April each year.

It is possible for the member to amend their pension input period during the lifetime of the pension arrangement. In order to do this the member is required to put this request in writing to The Lifetime SIPP Company Limited. Additional fees may be applied.

Carry Forward Rules

If a client has been a member of a registered pension scheme for the last 3 years, and has not taken advantage of paying in contributions to their pension scheme, then they can contribute up to £50,000 for each of these missed years and gain tax relief on them.

These rules were introduced when the annual allowance was reduced in April 2011 to £50,000, prior to this date the annual allowance was greater and carry forward wasn't allowed.

An example of how the carry forward rule works is as follows:-

Tax year	Contribution paid	Available contribution under Carry Forward rule
2012/13	£30,000	£20,000
2013/14	£5,000	£45,000
2014/15	£80,000	£0
Total carry forward available		£65,000

In Specie Contribution

Not all contributions need to be paid in cash. It is possible for a client to contribute assets to their pension scheme in specie.

In order for us to accept in specie contributions from the member or their Employer we will require the appropriate In Specie contribution form and standard contribution form to be completed by the member.

HMRC legislation states the forms must be received prior to the contribution being made and quoting a monetary amount, due to the in specie nature of the payment this may result in a difference in the contribution amount stated on the forms and the actual amount received. The client therefore needs to be made aware of the following consequences:-

Over Payment

A second contribution form will need to be completed for the additional amount received into the scheme.

Under Payment

The client or their Employer will be required to pay the difference in a monetary amount to the scheme bank account.

Protection

If a member has Enhanced Protection then they are unable to receive contributions in to their SIPP, otherwise the protection will be lost.

Procedures and requirements

When paying in a contribution we will require the following forms, which can all be found in our literature section:-

Personal Contribution: contribution form

For Regular payments we will also need our Direct Debit, (or standing order) mandate fully completed.

Employer Contribution: contribution form

For Regular payments we will also need our Direct Debit, (or standing order) mandate fully completed. Due diligence is required on the Employer before accepting the contribution.

Third Party Contribution: third party contribution form

For Regular payments we will also need our Direct Debit, (or standing order) mandate fully completed. Due diligence is required on the Third Party before accepting the contribution.

Carry Forward Contribution: carry forward contribution form

Net In Specie contribution: Net in specie contribution form

Also other forms such as property questionnaire may be required depending on the assets being contributed.

Gross In Specie contribution: Gross in specie contribution form

Due diligence is required on the Employer before accepting the contribution. Also other forms such as property questionnaire may be required depending on the assets being contributed.

Important note

It is essential that a fully completed contribution form is returned along with any contribution. The contribution can not be processed without the completed form.