

QROPS



A Successful Aliyah

A UK Pension Perspective

For those taking Aliyah who have a UK pension scheme or those who have pension schemes in the UK and are already residing in Israel, there are significant advantages to transferring those schemes to a qualifying recognised overseas pension scheme (QROPS).

Advantages include:

- Avoid 55% scheme death charge
- Avoid UK taxes on pension income
- Lump sum payment tax free (within the 10-year tax holiday period)
- 10 years of annuity payments – tax free
- Benefits passing to loved ones on death

What is a QROPS?

- A solution to enable UK pension funds to be transferred to other jurisdictions
- To provide this solution the receiving plan must satisfy certain requirements and be recognised

Until recently, by taking advantage of the UK/Israeli double tax treaty the olim could receive pension income without the deduction of tax in the UK and, by declaring the income in Israel, could benefit from lower tax rates there.

Due to the change in the Israeli law which allowed for a 10-year tax holiday (subject to certain conditions being fulfilled) the pension income would be regarded as tax-exempt in Israel.

Following this exemption the UK government may now refuse to allow the UK pension income to be paid gross and will deduct tax at source at the highest marginal rates (up to 50%).

The Solution

By taking advantage of the QROPS and transferring the pension scheme to a jurisdiction where there is no withholding tax, retirement benefits can be received free from both UK and Israeli taxes; in the case of Israeli tax, for the first 10 years of Israeli residency. Additionally, the scheme death charge of 55% applicable to a UK Pension Schemes may no longer apply.



STM Group Pensions Team

PO Box 575, Montagu Pavilion
8-10 Queensway, Gibraltar

Tel: +(350) 200 51356

Email: pensions@stmfidecs.gi

www.stm-qrops.com