

APG Europe



HONG KONG PENSION LAW

PENSION NOT A TRUST

The APST is an “onshore” Hong Kong registered “occupational Retirement Scheme” (ORSO) administered as a Trust under the Mandatory Provident Fund schemes Authority since 27th March 2006.

COSTS

With trusts becoming more expensive, the APST gives a unique tax and pension planning opportunity at fair cost.

TAX EFFICIENCY AND FLEXIBILITY

Due to the HK ORSO tax regime and double taxation agreements, no matter what your residence or nationality the APST can be one for the most cost effective and efficient ways of mitigating your tax planning issues.

QROPS

The APST will accept UK domiciled pension transfers and thus take full advantage of the HMRC Qualifying Recognised Overseas Pension Scheme rules.

An Investment and Tax Planning Opportunity:

Asia Pacific Super Trust - APST

The APST is one of the most tax efficient pension structures available to the private investor. Domiciled in Hong Kong:

- ◆ The APST can hold cash, property, land, mutual funds, stocks, stock options, bullion, private shares, hedge funds and bonds.
- ◆ It can mitigate “MOST” taxes depending on your domicile, on both a current basis and death basis.
- ◆ It can accept most transferred Pensions with no limits. It protects you and your assets against claims from Creditors.
- ◆ No Income tax, Capital Gains tax, on the underlying funds
- ◆ No compulsion to purchase an annuity
- ◆ Income for life on 70% of pension funds transferred from a UK Pension.
- ◆ Lump sum payment available on retirement age.
- ◆ No Widows benefit on pension scheme
- ◆ Freedom of investment and currency choice
- ◆ No tax on the scheme or its member
- ◆ Reporting requirements costs are significantly less in Hong Kong than elsewhere and that helps to enhance absolute returns on investments.
- ◆ Client confidentiality.
- ◆ Choice for investment assets.
- ◆ No maximum investment restrictions.
- ◆ Can mitigate UK Stamp Duty Land Tax, Capital Gain or Income tax on the transfer of property.
- ◆ No UK IHT, death or estate tax.
- ◆ No profits tax on property traded within the APST.

HONG KONG APST main features

- ◆ APST can take transfers and contributions from anywhere. That is because of the Occupational Retirement Schemes Ordinance <<http://www.hkllii.org/hk/legis/en/ord/426/>> definition of a scheme <http://www.hkllii.org/hk/legis/en/ord/426/s2.html#occupational_retirement_scheme>. In other words, we are not confined to Hong Kong. APST can receive employer contributions from anywhere for any type of pension fund design - defined contribution, lump sum, final salary, defined benefit, pension or annuity. It can purchase any form of insurance or financial instrument to answer benefit payments.
- ◆ Any United Kingdom registered pension fund of any description, whether in drawdown or not, may be transferred to APST.
- ◆ All forms of restriction on transfer of pension funds into and out of member states are made illegal under European Union Law. The United Kingdom regulations on transfers to QROPS follow EU law. HMRC cannot change regulations against EU law.
- ◆ A transfer payment may be made either to the scheme administrator including persons responsible for administration of the QROPS, not just the trustees of APST; or, where the receiving scheme for the member is to be an insured scheme, then to APST (the usual route).
- ◆ A Transfer Value is calculated according to The Pensions Regulators guideline and must be explained by the person presenting it to the member.
- ◆ Following the transfer, APST will be required to provide benefits on a like for like basis as preceding the transfer. So the transfer of a scheme pension in payment, for example, should be continued in that form, and the conditions as set out in HMRC's RPSM14106030 <<http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM14106030.htm>> onwards should be followed. If any of those conditions are not met the member of the receiving scheme will be liable to an unauthorised payments charge (see HMRC's RPSM13102020 <<http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM13102020.htm>> onwards). That will be the case, in particular, if a lump sum is paid, the scheme pension is increased or the income withdrawal is speeded up. Transferred pension fund money received by APST cannot be topped up.
- ◆ Additional voluntary contributions of any description, including real estate, can be received by APST only if the member is in employment and sponsored by his employer who must sign the APST trust deed.
- ◆ APST members and their dependants can elect to defer benefit payments past first payment due date or on the member's death. There is no reversion of the fund to the member's deceased estate except by default where the member has no dependants or relatives.
- ◆ Together with Modern Portfolio Theory, at, for example, age 60 with a life expectancy of 25 years, the portfolio ought be weighted 70% to liquidity and 30% to less liquid capital growth. The 70% tax law rule is clear - life means life and not life style. The APST is designed to allow 100% drawdown of capital and income during a member's lifetime with the option of leaving a capital residue for the member's spouse and dependants.