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BY EMAIL

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**The Association of
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Dear Paul

Association of Accounting Technician response to Draft Legislation: pension flexibility – annuities

The Association of Accounting Technicians (AAT) is pleased to have the opportunity to respond to the draft Finance Bill legislation relating to the tax treatment of annuities paid to beneficiaries on death, in particular a draft Schedule 1 to the Bill, and draft explanatory notes for a technical consultation.

AAT is submitting this response on behalf of our membership and from the wider public benefit of achieving sound and effective administration of taxes.

AAT has focussed on the operational elements of the proposals and has provided opinion on the practicalities in implementing the measures outlined. Furthermore, our comments reflect the potential impact that the proposed changes would have on SMEs and micro-entities, many of which employ AAT members or would be represented by our operationally skilled members in practice.

The text of the draft legislation appears to provide an effective mechanism for ensuring that payments of annuities to beneficiaries can be made tax free on the death of an individual, subject to certain conditions.

AAT agrees that the changes broadly mirror those made previously by the Taxation of Pensions Act 2014 in respect of drawdown funds.

AAT has no suggested amendments to the draft Finance Bill legislation and draft explanatory notes.

In principal AAT supports the “Draft legislation: pension flexibility – annuities” and draft explanatory notes because they extend to annuity holders similar inheritance tax flexibilities to those enjoyed by investors in a drawdown fund. AAT believes it is right to ensure inheritance tax considerations do not become a factor that influences investors’ decision as to whether to invest in a drawdown fund or an annuity.

About AAT

AAT is a professional accountancy body with over 49,800 full and fellow members and 83,700 student and affiliate members worldwide. Of the full and fellow members, there are over 4,100 Members in Practice who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types (figures correct as at 31 December 2014).

AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

Thank you for the opportunity to respond to the consultation on the draft Finance Bill legislation relating to the tax treatment of annuities paid to beneficiaries on death and draft explanatory notes.

Further information

If you have any questions or would like to discuss any of the points in more detail then please contact Aleem Islan, Technical Manager, at aleem.islan@aat.org.uk or Brian Palmer, Tax Policy Advisor, at aat@palmerco.co.uk

Yours sincerely



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