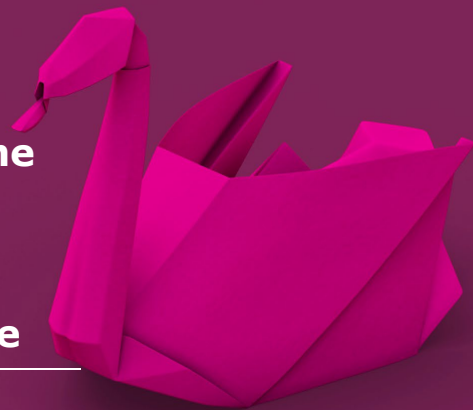


Important Announcement to members of the following pension scheme ("the Schemes")

**Cranborne Star Pension Scheme
Grosvenor Parade Pension Scheme
The Lancaster Pension Scheme
The Portman Pension Scheme
Tallton Place Pension Scheme
Woodcroft House Pension Scheme**



Dalriada. A better way

HMRC - Frequently Asked Questions (FAQs)

As members will be aware, Dalriada's and members' appeals against tax charges levied by HMRC were heard in a Tax Tribunal hearing which took place in December 2022.

Our 28th Announcement provided the background to the tribunal; the decision reached by the tribunal and included some initial Frequently Asked Questions (FAQs) for members. The 28th Announcement can be found in the link below.

[Ark-28th-Announcement-and-covering-letter.pdf \(dalriadatrustees.co.uk\)](#)

As we commented in that Announcement, HMRC were to provide their own set of FAQs as regards next steps and these are now available and appended here.

Dalriada asked for a number of specific questions to be included, following a number of queries from members. We also pressed HMRC on several technical points and asked if they could provide more clarity in places, particularly around the position with regard to appeals. Whilst HMRC made some changes to the original draft, they did not answer, in detail, all the questions which we posed to them or respond on all the technical points and, despite Dalriada's best efforts, HMRC is not willing to make any further changes to their FAQs document.

Given that, Dalriada pressed HMRC to provide a direct method of communication in anticipation of the follow up questions these FAQs will raise. As such, if you have any queries or require further explanation of those questions answered in the FAQs, you should contact HMRC directly, in the first instance. HMRC has provided the following email address for members to contact them and have asked that members include 'Ark' in the subject line of the email:

Email: pensions.compliance@hmrc.gov.uk

A postal address has also been included in the attached FAQs, should that be your preferred method of correspondence.

Member Announcement

What should I do if I have any further questions?

Should you have any queries in relation to your membership of the Scheme, please contact us. Although, as commented above, any queries that relate to HMRC should be sent directly to them in the first instance.

You can contact us as follows:

By Telephone: 028 9041 2756

By Post: Dalriada Trustees Limited
Linen Loft
27-37 Adelaide Street
Belfast
BT2 8FE

By Email: ArkAdmin@dalriadatrustees.co.uk

Other Useful contact details

If you have a complaint or dispute concerning your workplace or personal pension arrangements you should contact:

The Pensions Ombudsman Telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk

If you have general requests for information or guidance concerning your pension arrangements contact the Money and Pension Service (MaPS).

Previously pensions guidance has been provided across the three consumer facing brands of MaPS: Pension Wise (PW), The Pensions Advisory Service (TPAS) and the Money Advice Service (MAS).

MaPS has now launched **MoneyHelper** where all retirement and pensions guidance has been brought together under one brand and one website: moneyhelper.org.uk.

Consumers can request an appointment by following the links, emailing virtual.appointments@maps.org.uk or by calling our the pensions helpline on 0800 011 3797.

These appointments are free and impartial.

The email address to the pensions guidance team for general pensions queries is pensions.enquiries@moneyhelper.org.uk

Issued by Dalriada Trustees Limited

October 2023



Frequently asked questions ('FAQs') for the members of the Ark pension scheme

August 2023

1. How will I agree the tax charge values with HMRC?

The decision of the First-tier Tribunal has established that, in order to calculate the tax charges, it is necessary to identify which members were 'matched' with which other members, and in what amounts. That matching process was undertaken by those originally responsible for the day-to-day operation of the Ark schemes, and it will take some time to work through the documents to identify all of the relevant amounts. Over the next few months, HMRC will work with Dalriada to try to apply the matching position for each member.

Any agreement between HMRC and Dalriada will be for the purposes of establishing the amounts of the tax charges imposed on Dalriada. However, HMRC intend to apply the same figures for the purposes of establishing the tax charges on individual members, so that a consistent approach is taken throughout.

For individual members whose tax position has not yet been finalised (see Q4 below), HMRC will write to those members stating their view on their tax position in due course. As will be seen from the answers below, it may be some time until HMRC are able to write to individual members with the relevant figures.

Each member will then decide how to respond to HMRC's stated position (see below).

HMRC will not write to members whose tax position has already been finalised (see Q4 below).

2. When should I expect to hear from HMRC regarding calculation of my tax charges?

HMRC and Dalriada may be able to reach an agreement within a few months. If HMRC and Dalriada are unable to reach an agreement, it may be necessary to ask the Tribunal to make a further decision on any issues with the matching process.

3. What if I disagree with HMRC's calculations?

Once HMRC have written to you setting out their position on the tax charges, if you don't agree with HMRC's calculations you will be able to make representations to HMRC under the usual appeal process. HMRC will give a final view of the matter and deal with any appeals in accordance with the guidance on appeals [Disagree with a tax decision: Appeal against a tax decision - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/disagree-with-a-tax-decision-appeal-against-a-tax-decision).

4. I have already received a statement from HMRC showing the tax I owe as a result of the charges. Can HMRC increase this amount following the decision?

In some circumstances, HMRC can increase an assessment in order to conform with the decision made by the First-tier Tribunal:

- a. If you have received an assessment from HMRC which is under appeal, HMRC may change the amount due, including by increasing the amount due.

- b. If you have an open enquiry, HMRC will issue a closure notice for the amount due, and this may be higher than amounts which had previously been discussed with HMRC.

If you did not appeal against the original assessment sent by HMRC within the time limit stated, your assessment is considered final and cannot be increased or decreased by HMRC. As mentioned in Q1 above, HMRC do not intend to write to members in this position. If you consider that assessment to be incorrect, you may make a late appeal under Section 49 Taxes Management Act 1970 if you have a reasonable excuse for making the appeal late. HMRC will consider any late appeals as and when they arise on a case-by-case basis. Where a late appeal is admitted, the assessment will no longer be considered final (and HMRC may be able to increase the amount due).

5. When will I have to pay the tax charges by?

Tax is normally due to be paid 30 days after HMRC have made a decision which is considered final.

- a. If HMRC have already provided you with a decision, they will have explained when tax is due in that decision.
- b. If HMRC have not already provided you with a decision, they will explain when tax is due when they send the decision.

Interest is payable from 31 January following the end of the year of assessment in which the charge arises. E.g., for 2011/12 interest will be payable from 31 January 2013. You may wish to make a payment now to stop further interest being charged.

6. What if I can't afford to pay the charges at all?

If you cannot pay your tax bill in full, you may be able to [set up a payment plan](#) to pay it in instalments. This is called a 'Time to Pay' arrangement.

Please see our guidance - <https://www.gov.uk/difficulties-paying-hmrc>

7. I understand that making a good faith discharge application can reduce my tax charge. Am I able to do this now?

A member who is liable to pay the unauthorised payments surcharge of 15% in respect of an unauthorised payment can apply for it to be discharged on the grounds that it would not be just and reasonable for them to be liable to the 15% surcharge in respect of the payment. There is no such discharge for the 40% unauthorised payments charge.

Please note that an appeal against an assessment does not constitute an application under S268 to discharge the unauthorised member surcharge. You need to make a separate application, and HMRC will then make a decision on that application. If you do not agree with HMRC's decision, you can make an appeal against HMRC's decision.

There are strict time limits for applying to HMRC to discharge the unauthorised payments surcharge, set out in legislation. There is no provision within the legislation to allow late applications. HMRC are therefore not empowered to accept late Section 268 applications in relation to the unauthorised member surcharge.

You may wish to take professional advice on whether to make an application. If you wish to make an application to HMRC, you may do so by in writing to Lynn Johnson Wealthy Mid-

Sized Business Compliance, HM Revenue & Customs, BX9 1LH quoting your reference number beginning CFS- or CFSS-. Alternatively, you can send an email to pensions.compliance@hmrc.gov.uk. In the subject line of the email, you should enter "Ark Section 268 application".

The application for a discharge must set out the particular reasons explaining why it would not be just or reasonable for you to be liable to the surcharge. The application will only be considered to be a complete application if it sets out those reasons. HMRC will let you know whether your application has been made within the time limits.

8. Given HMRC's previous statements on the matter, does HMRC intend to tax on the basis of both Section 160(2)(a) Finance Act 2004 (the matched amounts) and Section 173 Finance Act 2004 (the benefit of any loan received)?

HMRC must collect tax which is due in law and so you should assume that HMRC will apply the Tribunal's decision in full. That means members who were matched with other members and received a loan will be taxed on the basis of both provisions identified above.

HMRC has limited discretion relating to the collection of tax due. Please see our guidance which can be found at:

<https://www.gov.uk/hmrc-internal-manuals/admin-law-manual/adml3200>

As explained above, HMRC will write to you stating the relevant tax charges in due course. If you disagree with any aspect of HMRC's calculation, you should consider appealing to the Tribunal, as it is unlikely that HMRC will be able to agree not to collect the tax due.

9. If I haven't already been issued an assessment for a tax charge, does HMRC accept that it is out of time to raise assessments now? Does this mean I will have no liability?

There are two routes to HMRC assessing tax, and you should consider whether either is relevant to you:

- a. If you submitted a tax return, HMRC have power to open an enquiry into that return under Section 9A Taxes Management Act 1970 within 12 months of it being submitted. When a return is submitted late then the time limit is extended. If HMRC have opened an enquiry into your return, you would have received a Notice of Enquiry for the relevant year(s). In those circumstances, HMRC will be able to amend your self-assessment in order to assess the additional tax they think is due.
- b. Even if HMRC have not opened an enquiry, HMRC have power to issue 'discovery assessments', assessing additional tax they think is due. Under the normal discovery assessment time limits, HMRC have 4 years from the end of the relevant tax year to issue an assessment. However, these time limits can be extended where there has been careless behaviour (extension to 6 years) or deliberate behaviour (extension to 20 years). We would not expect this to apply to most Ark members but will consider the position carefully where necessary.

10. Will interest be charged on the payments? What rate?

Please see the answer to Question 5 above which explains the periods for which interest will be due. Our guidance on late payment interest rates is set out here:

<https://www.gov.uk/government/publications/rates-and-allowances-hmrc-interest-rates-for-late-and-early-payments/rates-and-allowances-hmrc-interest-rates>

11. What if I am unable to repay the tax charged on me. Will HMRC initiate bankruptcy proceedings against me?

Please see our guidance which can be found at:

<https://www.gov.uk/difficulties-paying-hmrc>

12. What powers do HMRC have with regards to reviewing my assets?

Please see our guidance which can be found at:

<https://www.gov.uk/difficulties-paying-hmrc>

13. In cases where a member has not received an MPVA and is now due to pay a tax charge based on the Section 160 (2)(a) Finance Act 2004 basis, is there likely to be any leniency applied by HMRC?

You should assume that HMRC will apply the First-tier Tribunal's decision in full, and so members who were matched with other members and made a loan but did not receive one will be taxed in accordance with that decision.

15. Who should I contact at HMRC with any other queries?

Any other queries not covered by the FAQs can be sent in writing to Lynn Johnson Wealthy Mid-Sized Business Compliance, HM Revenue and Customs, BX9 1LH, quoting your reference number beginning with CFS- or CFSS-. Alternatively, you can email to pensions.compliance@hmrc.gov.uk. In the subject line of the email, you should enter "Ark".