

Publications

New High Earner Tax in the UK Applies to US Pension Plan Contributions and Accruals

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SERVICES

Her Majesty's Revenue and Customs (HMRC) has issued guidance under which certain excess contributions or accruals under pension plans may be subject to a 20% penalty tax on high earners in the UK. The new rules generally apply to all pension plans an employee who is a UK taxpayer may participate in, including US and other non-UK plans, subject to a "grandfather" rule. Particularly affected may be UK taxpayers participating in US defined benefit plans, and UK taxpayers temporarily seconded to work in the US. The attached memo explains how the new tax applies to US plans.