Assets, Residence and Valuation team
HM Revenue and Customs
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By email to: ihtonpensions@hmrc.gov.uk

Date: 5 June 2026

Dear Assets, Residence and Valuation Team,

Draft legislation - Inheritance tax on pensions — information sharing regulations

Thank you again from the Trustee of the Universities Superannuation Scheme (USS) for the opportunity to respond to the Draft The Registered Pension Schemes (Provision of Information) (Amendment) Regulations 2026 technical consultation (and supporting guidance materials), and for the opportunity to attend a workshop presented by HMRC in June 2026, to address in further detail the proposed information sharing regulations.

About USS

Universities Superannuation Scheme (USS) was established in 1974 as the principal pension scheme for universities and higher education institutions in the UK. We work with around 330 employers to help build a secure financial future for almost 577,000 members and their families. We are one of the largest pension schemes in the UK, with total assets of around £76.8bn (at 31 March 2025).

We have set out below our views and comments in response to the draft information sharing regulations as published. In addition, we have taken the opportunity to raise some questions in relation to the amendments to the Inheritance Tax Act 1984, alongside raising some USS-specific queries. We would be happy to discuss any of these further with you if it would be helpful.

1. <u>Personal Representative (PR) and Prospective PR evidence</u>

We note the evidential requirements set out in HMRC's technical note dated 11 May 2026 have not subsequently been prescribed in the information sharing regulations. Whilst the evidence guidance shared by HMRC has proven helpful, it remains unclear whether Pension Scheme Administrators (PSAs) have a duty under the regulations to release information to PRs/Prospective PRs prior to receipt of such evidence, or whether that requirement (and the related timescales for providing information) apply from the date of receipt of adequate evidence.

To share beneficiary information with a party who has not evidenced that they have an entitlement to receive it does not, in our view, align with the principles of GDPR. It also heightens the risk of scams. We would normally expect only to release such information on receipt of the required

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evidence. We would like HMRC to set a clear obligation that evidence is required from PRs before making a request for information and before PSAs share information, to avoid PSAs exercising discretion and then being criticised for doing so or needing to defend complaints. **We would request that HMRC prescribe the intended position in the regulations for the avoidance of any doubt.**

2. DRAFT - The Registered Pension Schemes (Provision of Information) (Amendment) Regulations 2026

We have set out below a number of points in relation to the draft Regulations which seek to either:

- raise concerns with the obligations the regulations impose on PSAs -- these concerns are being highlighted to assist HMRC in publishing a final set of Regulations which well-governed and operated schemes like USS are able to implement and operate; or
- check understanding of the meaning or requirements of the Regulations -- in some areas these are unclear in our view, and we raise these so that HMRC can consider how to make the final Regulations clearer for schemes to understand and implement.

We would firstly ask that HMRC make clear in the regulations whether the timescales referred to are expressed in calendar days or working days. This clarity is essential to ensure that pension schemes can comply with the regulations in a clear and consistent manner once the changes come into effect.

Concerns with the Regulations as drafted.

Regulation 4 introduces the payment of a 'Death in Service' benefit as a reportable event (Event 25). Sub-paragraph (3) prescribes that the Event 25 report should be "*delivered before the end of the period of 30 days beginning with the last day of the quarter in which the payment was made.*". **We are concerned that requiring Event 25 to be reported outside the normal event reporting cycle would result in additional workloads, avoidable operational inefficiencies and duplicative administration.** In our view, a more proportionate and workable approach would be either to incorporate death in service payments within the quarterly AFT submissions, or to align reporting with other events on an annual basis.

Regulations 5 and 7 will require detailed beneficiary information to be shared with the PR/Prospective PR. **It remains our concern that being required to provide sensitive personal beneficiary information (e.g. National Insurance Number, date of birth and address) to the PR goes against several principles of the Data Protection Act, such as purpose limitation, data minimisation and being fair and transparent.** Sharing the information could also potentially lead to harm or distress to the individual if the PR became aware of beneficiary information (such as address) to which they were not previously privy. In view of this, we would ask HMRC to consider and review whether the information being prescribed aligns with these principles, or if an alternate method of reporting beneficiary information directly to HMRC would be better suited and limit the information shared with the PR to that required in order to assess the notional pension property (for example the value of the property, relationship of beneficiary to the deceased and the beneficiary's status as an exempt or non-exempt beneficiary) .

In our view, the 14-day deadlines prescribed in regulation 7 would create a real risk that pension scheme administrators are forced to prioritise compliance with tight HMRC timescales over other bereavement-related activities which may be more urgent and important for bereaved families. Bereavement cases are often sensitive and operationally complex, requiring information to be triaged, matched to the correct record and worked through sometimes complex workflows, often within high-volume processing environments. By way of illustration, we currently receive in the region of 100 new inbound bereavement items each day, and any new disclosure requirement would need to be managed alongside those wider case-handling responsibilities. In that context, a 14-day requirement is not simply challenging in operational terms; it risks distorting priorities within bereavement services in a way that could negatively affect the support provided to families at a particularly difficult time. This is all the more striking given that the proposed deadline is materially shorter than other disclosure requirements, which are typically measured in months rather than days, including the usual two-month timescale for member benefit disclosures. **For those reasons, we consider a 14-day requirement to be disproportionately restrictive and likely to give rise to regular technical breaches in practice.**

For this reason, we would strongly encourage HMRC to consider extending the proposed disclosure deadlines from 14 days to a minimum of 30 calendar days. In our view, a 30-day period would still support timely information sharing while providing a more realistic and workable framework for pension scheme administrators to comply consistently in practice.

Areas of the Regulations where additional clarity should be considered

Regulation 7 inserts multiple new sections – we have indicated our understanding of the new sections and would be grateful for HMRC's clarity on this in future guidance.

- 10C(4)(b), 10E(4)(b), 10F(5)(b) requires that, where there are beneficiaries yet to be appointed by the end of the 28 day period following the PRs request for beneficiary information, the PSA should provide the information by "*the end of the period of 14 days beginning with the day on which all of the beneficiaries are decided in accordance with the scheme rules*".
- 10H(6) and 10J(4)(a) require that PSAs confirm receipt of a withholding notice within 14 days beginning with the date on which the notice is received. Where there are beneficiaries yet to be appointed by the end of the 14 day period prescribed in these subsections, the PSA should provide the information prescribed in para 10J(3) by "*the end of the period of 14 days beginning with the day on which all of the beneficiaries are decided in accordance with the scheme rules*". **We understand this to mean following the appointment of the final beneficiary, even in circumstances where multiple beneficiaries are appointed after the end of the initial 28-day period.**

3. IHTA 1984, as amended by the Finance Act 2026

We have set out below a number of points in relation to the proposed changes to the Inheritance Act 1984 which seek to check understanding of the meaning or requirements of the Regulations. Again, in some areas these are unclear in our view and we raise these so that HMRC can consider how to make the final requirements clearer for schemes to understand and implement.

Section 150A (1) specifies that the notional pension property should be valued immediately before the member's death. HMRC confirmed during a workshop that, where this value is higher than the value ultimately payable to a beneficiary, there will be no relief where inheritance tax liability is due. This is a likely scenario where a benefit is a Money Purchase/Defined Contribution benefit, where values could be subject to wider market conditions prior to payment. Likewise, a scenario could occur whereby the notational pension property value provided to the Personal Representative is lower than the final DC amount due to the beneficiary, which could result in any IHT liability being understated. **HMRC should helpfully clarify what the Trustee's duties are in terms of notifying the Personal Representative of a change in pension property value, including timescales.**

Section 226A(7) sets out the effective start and end dates of a withholding notice. Limb (b) confirms that the notice will cease to be effective when all the tax attributable to notional pension property of the deceased in relation to the scheme, and any interest due, is paid. As the PSA will not be privy to the complete information to determine whether IHT liability has been paid in full on the pension element, they will be reliant on the PR to inform them in such circumstances. We note from HMRC's technical note dated 11 May 2026 that emphasis will be placed on the PR to withdraw a withholding notice when IHT has been fully discharged. However, this is not prescribed under the information sharing regulations. **HMRC should consider that these regulations be amended so that this becomes a requirement, in order that PSAs can ensure that beneficiary payments are not withheld unnecessarily.**

Section 226A(10) confirms that a payment that would fall due but for a withholding notice instead falls due immediately after the notice ceases to have effect. We take this to mean that the corresponding Relevant Benefit Crystallisation Event (RBCE) for the remaining portion of the lump sum death benefit will be the expiry date of the withholding notice, however **it would be helpful for pension schemes if the guidance could explicitly confirm this**.

Where a valid payment notice is submitted to a Pension Scheme Administrator (PSA) by a beneficiary or Personal Representative (i.e. the taxpayer) under Section 226B(3), the amount given on the notice will include IHT liability and interest amounts. During the workshop on 23 September 2025, HMRC addressed that this is an area that will require further clarification, with further guidance to follow. **We would encourage that this forthcoming guidance should set out clearly the PSAs role in determining the amounts payable**. For example, where a valid notice is received, and the notice is actioned within 35 days, is there a requirement for the PSA to calculate any interest amounts between 1) the date on the notice, 2) the date of receipt of the notice and 3) the date of payment to HMRC, noting that 1 and 2 may not necessarily be the same date?

Section 226B (6)(b) is written in such a way that it could be interpreted that the consequential adjustment for IHT liability could be made to any person's entitlement to benefits on the deceased's death, where notification has been given by the Personal Representative. Our understanding is that the adjustment can only be made to the benefit which has given rise to IHT liability – **We would ask that the Regulations be made clear so that this is not subject to interpretation.**

4. <u>USS specific query - Incapacity of beneficiary</u>

USS' rules include a provision that would permit the Trustee to pay a benefit to any person on behalf of a beneficiary who is incapable of managing his or her own affairs due to physical or mental infirmity, if they undertake to apply the benefit for the maintenance of the person so entitled. Once paid, the Trustee isn't liable for the way in which the benefit is applied. This provision could for example be used to pay an exempt benefit (i.e. a benefit due to a spouse/civil partner) to that person's Power of Attorney. **Please could HMRC clarify how the legislation would work in such an event?**

Finally, we would be happy to join a meeting or discussion on any of the above points if it would help. In the meantime, we would again thank you for your support and engagement in this matter, which will assist us in ensuring the Scheme is ready and able to deal with the requirements of the legislation from 6 April 2027.

Yours faithfully

Cefn Willis
Head of Pensions Policy
USS