

## Unauthorised Payments Flowchart where payment is more than 25% of fund

Unauthorised payments occur where a payment has been made to a member that is not on the authorised payments list. Authorised payments are items such as lump sums and pension payments to the member or loanbacks to employers (SSAS schemes only).

**Unauthorised Payments Charge – 40% on the value of the payment**

**Plus**

**Unauthorised Payments Surcharge – 15% on the value of the payment**

This is payable where the Surcharge threshold is reached (ie when the unauthorised payment is 25% or more of the member's overall fund).

**Plus**

**Scheme Sanction Charge- 40% on the value of the payment  
or 15% if the unauthorised payment charge has been paid**

### For example:

Client has a fund of £100,000 and received unauthorised payment from his scheme of £30,000 (eg as a refund of contributions even though client's earnings supported the total contribution).

$$£30,000 \times 40\% = \mathbf{£12,000}$$

**Unauthorised Payments Charge**

**+**

Unauthorised payment more than 25% of member's fund value therefore £30,000 x 15% = **£4,500**

**Unauthorised Payments Surcharge**

**+**

$$£30,000 \times 15\% = \mathbf{£4,500}$$

**Scheme Sanction Charge**

$$£12,000 + £4,500 \text{ (Unauthorised Payment Surcharge)} + £4,500 \text{ (scheme sanction charge)} = \mathbf{£21,000}$$

**Total tax chargeable on unauthorised payment**