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Guidance and support

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HMRC internal manual

Pensions Tax Manual

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PTM125100 - Investments: taxable property: tangible moveable property

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Tangible moveable property - introduction

If an investment-regulated pension scheme directly or indirectly acquires taxable property (residential property or tangible moveable property) this will create an unauthorised payment on the member whose arrangement acquires the asset. In addition the scheme administrator will be liable to a scheme sanction charge (See [PTM121000](#)) both on income or deemed income from the taxable assets and capital gains on their disposal.

Taxable property consists of residential property and tangible moveable property. Guidance on residential property can be found at [PTM125200](#).

Investment-regulated pension schemes

An investment-regulated pension scheme is one where the member is able (whether directly or indirectly) to direct or influence the manner of investments the scheme makes.

There are separate tests for occupational pension schemes and other schemes.

For non-occupational pension schemes an investment-regulated pension scheme is one where one or more of its members is or has been able (whether directly or indirectly) to direct, influence or advise on the manner of investments held for the purposes of an arrangement under the scheme relating to the member. It also applies where the condition is satisfied by a person related to the member.

For occupational pension schemes an investment-regulated pension scheme is one which has at least one member who meets the self-direction condition, and where there are fewer than 50 members.

The self-direction condition is met if the member is or has been able (whether directly or indirectly) to direct, influence or advise on the manner of investments held for the purposes of the scheme. It also applies where the condition is satisfied by a person related to the member.

A further category of occupational pension scheme can generate an investment-regulated pension scheme. This is where:

- the scheme is an occupational pension scheme that is not itself an investment-regulated pension scheme,
- one or more of its members (or a person related to a member) is or has been able (whether directly or indirectly) to direct, influence or advise on the manner of investments linked to an arrangement under the scheme relating to the member.

In that case that arrangement is treated as if it is an investment-regulated pension scheme. This is to prevent large occupational schemes setting up separate sections that allow particular classes of members to direct that their funds are invested in taxable assets.

For the purposes of the above investments are linked to an arrangement relating to the member if:

- they are held for the purposes of an arrangement under the pension scheme relating to the member, but
- they are so held other than by virtue of a just and reasonable apportionment of the sums and assets held for the purposes of the scheme.

So rather than simply being an apportionment of the collective assets held for the entire scheme these are specific assets held just for the member's arrangement.

Alternatively this will also include a pool of assets held for a limited number of arrangements where those arrangements effectively form a separate section of the scheme designed to allow investments in residential property.

For each of these three categories of scheme, persons are related to the member if:

- the person and the member are connected persons,
- the person acts on behalf of the member or a person connected with a member.

For more on connected persons see [PTM027000](#).

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Tangible moveable property

Tangible moveable property is things that can be touched and that are moveable rather than immovable property. It includes assets such as art, antiques, classic cars and also plant and machinery owned by a registered pension scheme.

Assets used for the purpose of administering or managing the pension scheme will not be subject to an unauthorised payment charge unless the interest is held for the purpose of an arrangement relating to a scheme member.

The Investment-regulated Pension Schemes (Exception of Tangible Moveable Property) Order 2006 (SI2006/1959)

See [PTM125400](#) for details of a similar provision relating to indirect holdings in vehicles that possess assets used solely for the purpose of administration or management of a vehicle.

Certain tangible moveable property that is specified in Regulations will not be taxable property so will not be subject to tax charges when held as a scheme investment by an investment-regulated pension scheme.

Any specified items will be of a type that is normally held as investments and does not provide any possibility of personal use.

Investment grade gold bullion has been specified. The definition of investment grade gold is gold of a purity not less than 995 thousandths that is in a form of a bar or a wafer, of a weight accepted by the bullion markets.

Any Regulations that may be made to allow certain tangible moveable property to be held and not count as taxable property may have effect from an earlier date to that on which the Regulation is made.

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Tangible asset(s)

A tangible asset is an asset that can be touched. The asset has to be a physical asset such as a piece of plant or machinery.

Certain assets such as intellectual property (copyrights, patents, and trademarks for example) are intangible and so are not tangible moveable property.

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Moveable asset(s)

There is no specific meaning for the term 'moveable' in the Pension Scheme Tax legislation. In general law, there are specific rules which determine whether an asset is moveable or has become fixed.

If an asset has not become part of the land or any building to which it is attached, then it retains its separate identity. If, however, it is permanently or semi-permanently attached to the land or any building to fulfil a function as part of the building, it is regarded as part of that land or building.

HMRC regard the question of mobility as one of fact. Can the asset be moved easily and without damaging its surroundings? Small items of plant or other easily moved items will satisfy the test.

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Will HMRC give rulings on particular proposed investments?

HMRC will not give rulings on particular proposed investments by a registered pension scheme. Trustees or scheme administrators considering investing in solar panels, wind turbines or any other asset will need to reach a judgement about whether the asset in question is tangible moveable property using this guidance and taking professional advice as appropriate.

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