



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Kit Malthouse MP
Minister of State for Crime and Policing
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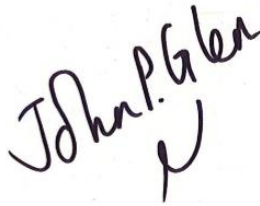
23 April 2020

Mitigation of pension abatement

Dear Minister,

1. In order that we continue to support our vital public services, I am writing to inform you that we intend to temporarily suspend the tax rules that would otherwise reduce pension income for recently retired individuals aged between 50 and 55 who are returning to take on roles to support the government's response to Covid-19. Without this change, and complementary changes also being made to scheme rules for relevant public sector pension schemes (where there has been HMT agreement), there would be a risk that individuals would see pension income reduced so that their net of earnings and pension income do not exceed earnings prior to their retirement, and they could face adverse tax consequences on their pension benefits. I note, in particular, that these changes will ensure that retired police officers who return to work are not penalised financially.
2. The measure is designed to ensure that we can continue to provide important public services at this time. As these proposed tax changes form part of our response to Covid-19, they will initially apply in respect of payments made in the period from 1 March to 1 June 2020. I will keep this time limit under review.
3. HMRC will set out detailed operational guidance in due course, but this measure will only apply to people returning to roles as a result of Covid-19, particularly for core workforces such as the police – rather than a general lifting of these restrictions. I consider that these rules, and associated restrictions through the rules of relevant public sector pension schemes, remain a reasonable and proportionate way to manage costs to the taxpayer in normal circumstances.

4. I trust that this will give you the confirmation that you need to reassure key workforces that they can encourage recently retired workers to return to service to bolster the government's response to Covid-19 without having an adverse tax impact on their pension. I am happy for you to direct their representatives to this letter to evidence the government's position.

A handwritten signature in black ink that reads "John P. Glen" with a stylized flourish underneath.

JOHN GLEN