

LCP's response to HMRC's consultation on Inheritance Tax on pensions information sharing regulations

11 June 2026

This document sets out LCP's response to HMRC's technical consultation on the draft changes to the information sharing regulations in connection with Inheritance Tax ("IHT") on pensions [published](#) on 18 May 2026 (the "regulations").

Who we are

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The provision of actuarial, investment, covenant, governance, pensions administration, benefits advice, and directly related services, is our core business. About 80% of our work is advising trustees and employers on all aspects of their pension arrangements, including the application of the pensions tax regime to benefits. The remaining 20% relates to insurance consulting, energy, health and business analytics. LCP is regulated by the Financial Conduct Authority for some insurance mediation activities only and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

Executive summary of our views

We welcome the Government's publication of the draft regulations for technical consultation to allow an opportunity for the pensions industry to provide feedback on the proposals ahead of regulations being finalised.

Overall, we believe further clarity from HMRC in the below key areas will be essential ahead of the implementation of the changes from April 2027. HMRC have said IHT will only be due in a small proportion of cases. It is important that Pension Scheme Administrators ("PSAs") are able to interact efficiently with Personal Representatives ("PRs") and Prospective Personal Representatives ("PPRs") so benefits can be paid to beneficiaries promptly. Friction in the system for cases where no IHT is due needs to be avoided.

- **The regulations require more personal information to be shared with PRs than we believe is reasonable:** The draft regulations require PSAs to disclose personal details of beneficiaries, regardless of whether IHT is due, and details of excluded benefits. In some instances there could be safeguarding concerns from providing this information, and we think that in many cases there is not a sufficient rationale for requiring the disclosure of this information to PRs, particularly when no IHT is due. Some requirements are also not clear, eg what does "nature" mean in regulation 10F(3)?
- **The regulations require more information to be shared with HMRC than we believe is reasonable:** The draft regulations require PSAs to disclose the personal details and benefit amounts for every member in respect of whom a death in service payment is made, despite these benefits being excluded from IHT. This will be a significant burden for the many registered life assurance only schemes. The PSAs of such schemes are often the employer (no third party administrator is involved) and they are not currently set up for regular reporting to HMRC.
- **There needs to be clarity in the regulations that PSAs are not being required to confirm tax statuses:** The draft regulations require PSAs to state how benefits are split between exempt and non-exempt beneficiaries. There therefore needs to be a process for PRs to provide information to PSAs on whether potential beneficiaries (in particular, the spouse or civil partner) are exempt. It is not practical nor within their competency to expect the PSA to assess whether the deceased or the spouse/civil partner are long-term UK residents and the extent to which a benefit is an "exempt transfer". The information needs to be provided by the PR upfront, before the "clock starts" for the PSA to provide the split of benefits between exempt and non-exempt beneficiaries (or to apply a withholding notice).
- **The reporting timescales will be unachievable in a number of scenarios:** In a number of cases PSAs will have 14 days in order to provide information. Is such a tight deadline necessary? This will provide additional

strain for PSAs – particularly during holiday periods, such as around Christmas. Please can you confirm the clock will only start once the identity of the PR/PPR has been confirmed, as it could easily take much longer than 14 days to complete the verification process. Please can you also update the draft regulations to make it clear that the longer initial 28 day deadline for providing a valuation applies for a withholding notice where a valuation has not been requested previously.

- **A number of technical queries remain:** For example, when disclosure to a PPR should be made, why provisions relating to a transfer are so narrow and whether repeated disclosure of a nil value can be avoided.

We also have the following wider points:

- **Scope of death in service exclusion:** A lack of clarity on the scope of the death in service exclusion in the primary legislation is preventing trustees and employers from planning for the new regime and communicating to members regarding which benefits will be in or out of scope. Guidance from HMRC on the intended scope of the exemption is needed urgently, as we have noted in previous correspondence including Appendix 1 of our consultation response of 15 September 2025. With pension scheme rules and benefit structures varying considerably from scheme to scheme, we realise HMRC cannot cover every eventuality but it would be very helpful to have guidance covering the principles of what the legislation is intended to achieve.
- **There needs to be clarity that PSAs are not being required to check tax calculations:** The May Technical Note states on receipt of a payment notice PSAs “can rely on the HMRC Inheritance Tax calculation provided by the taxpayer”. It would be very helpful from a data protection and efficiency perspective if the HMRC tool provides the taxpayer with a PDF printout setting out no more than the key personal details for the deceased (ie name, their NI and IHT reference numbers) and the amount of tax due. The PSA would rather not know details of the wider estate / beneficiaries for other pension schemes nor inputs to the tax calculation.
- **Proposed timescales:** PSAs will need to make significant updates to their systems and processes to meet the new requirements. The workshops and technical notes are very useful. We also appreciate your ambition to finalise the regulations before the summer. However, it is essential that the draft guidance, test version of the on-line IHT tax calculation tool and final versions of the guidance and tool are provided by HMRC as soon as possible to help PSAs (and those that support PRs) prepare. It will not be possible for PSAs to be ready by 5 April 2027 if essential HMRC guidance is only finalised in Spring 2027. In particular, if trustee communications preparing people for the changes are to refer members, PRs and beneficiaries to guidance, that guidance needs to be available for those communications to refer to.
- **A number of technical queries remain:** The queries set out in Appendix 2 of our consultation response of 15 September 2025, questions in my e-mail of 20 March 2026 and how pension continuation payments should be valued.

Next steps

We welcome the open and constructive way consultations have been run, and the opportunity to attend the workshops with the pensions industry.

We are happy for LCP to be named as a respondent to the consultation and happy for our response to be in the public domain. We are happy for you to reference our comments in any response.

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