



When is a non-profit not a non-profit?

Sound like a bad joke? It's certainly no joke if you're one of the non-profit organisations that have seen PPF levies increase ten-fold this year.

As a result of a little-known clause in the PPF's Rules, many organisations that regard themselves as non-profit (and indeed, may be classified as such by HMRC) will instead be classified otherwise under Experian's scoring system – with in some cases an alarming impact on the PPF levy.

The PPF look to an organisation's dissolution rules, and only classify the organisation as non-profit if in the event of wind-up all assets and proceeds go to charity. If any money could potentially pass back to the organisation's members it could mean that the non-profit classification will not apply, regardless of the likelihood or

mechanism for dissolution.

What can be done about it?

In short, for your 2015/16 levy there is probably nothing that can be done.

However, to try to prevent the problem in future years organisations should consider:

- Lobbying the PPF to address this problem its determination for 2016/17 levies.
- Seeing whether the dissolution clause could be amended.
- Making use of contingent assets.

Please contact us if you would like further information.

Refund of Surplus - Deadline April 2016

Schemes wishing to retain existing powers regarding the potential ability to pay a refund of surplus to the scheme's employer have until April 2016 to effect a special resolution.

If such a "S251 resolution" is not passed before the deadline a pension scheme will lose the power to ever pay a refund to its sponsor.

Even if your Scheme is currently in deficit, and it seems a distant dream to have a "surplus problem", it is still worth checking that the power is preserved:

- Even for schemes in deficit, a restriction on the power to pay refunds can potentially have an **immediately** damaging effect on the Company's accounting disclosures.
- Even schemes in deficit will have an aspiration to reach a position of surplus one day.
- Employers may be (more) reluctant to pay contributions to a scheme if there is no prospect of ever getting back any over-funding.

ALL schemes should therefore check this point before April 2016.