NATIONAL PENSIONS REGULATORY AUTHORITY

PUBLIC NOTICE **(Ref: PN-11/05/12)**

RE: TIER THREE (3) SCHEMES

1.0 COLLECTION OF TIER THREE (3) CONTRIBUTIONS BY APPROVED SCHEMES

1.1 General

All Approved Tier Three (3) Schemes shall be deemed to have become operational effective from the date of registration of the Schemes or from the Date of Commencement stated in the various Trust Deed and Rules approved by the NPRA.

1.2 Approved Provident Fund Schemes – 2012

(a) All Employers participating in a Provident Fund Scheme as an Approved Master Trust Scheme or an Employer Sponsored Scheme for Tier Three (3) are to pay their November 2012 monthly contributions due by 14th December 2012 on behalf of their employees to Custodians duly selected by Approved Schemes (Custodians duly Registered by NPRA).

(b) All Employers are required to send any such contributions deducted on behalf of employees for each month by the 14th of the month following the month of contribution. Failure of the employer to send the deducted contributions by the 14th of the month following the month of contribution will attract the penalty of 3% per month, in accordance with the National Pensions Act, 2008 (Act 766). No waiver on the penalty will be granted to defaulting employers.

(c) Payment of Contributions to Custodians of Approved Master Trust Schemes will only be made based on proof of signed contracts, to the NPRA, between the Trustees and Participating Employers.

(d) The NPRA shall make the list of Approved Schemes available to the Ghana Revenue Authority for tax exemption purposes for the year 2012.

1.3 Monitoring of Provident Fund Contributions

All Employers participating in an Approved Master Trust Scheme or Employer Sponsored Scheme must comply with the provisions of Section 116 of the National Pensions Act, 2008 (Act 766) on monitoring of provident fund contributions.

2.0 PERSONAL PENSION SCHEMES

2.1 All employers must take note of the provisions of Section 115 of the National Pensions Act, 2008 (Act 766) on the duty of employer in respect of personal pension scheme, namely,

(a) to provide the administrative and accounting services required to enable a worker join and contribute to a personal pension scheme of the employee's choice;

(b) to make appropriate payroll deductions from the monthly salary of a worker who desires to contribute to a personal pensions scheme and remit the contributions to the approved trustee of the scheme within fourteen days after the end of the month of deduction; and

(c) not to mingle payroll deductions with the employer's own funds and where an employer deducts contributions from the salary of a worker the contributions shall be held by the employer in trust until it is remitted to the appropriate approved trustee.

2.2 Penalty for non-payment of contributions

Failure of the employer to send the deducted contributions by the 14th of the month following the month of contribution will attract the penalty of 3% per month, in accordance with the National Pensions Act 2008, (Act 766). No waiver on the penalty will be granted to defaulting employers.

3.0 ENGAGEMENT WITH THE GHANA REVENUE AUTHORITY (GRA)

3.1 The NPRA wishes to inform all employers and employees regarding the intended discussions with the Ghana Revenue Authority on the tax status for accrued benefits under "existing schemes" prior to 30thOctober 2012 which may be transferred to Tier Three (3) Schemes. The NPRA will issue further directives regarding the provisions for such accrued benefits under existing schemes as well as future benefits as agreed with the Ghana Revenue Authority (GRA).

3.2 Thus the NPRA will engage the GRA on the following specific issues, amongst others:

(a) Tax reliefs for Approved Tier three (3) Schemes in 2012.

(b) Tax exemptions for Voluntary Schemes which obtained temporary registration from the NPRA in 2010.

(c) Tax treatment and implications of Rolled-over balances and funds transferred from existing schemes unto the newly Approved Tier three (3) Schemes.

(d) Tax exemptions and withdrawal regime of contributors' accrued benefits to be transferred from existing schemes under the Act.

3.3 The NPRA recalls the earlier meetings with various stakeholders on the potentially, negative effects on the distribution of current balances on their existing Provident Funds. The NPRA re-iterates its position and advice to stakeholders to continue to keep such funds intact and make arrangements to transfer such funds to the third tier Approved Provident Fund Schemes. The NPRA will therefore encourage all existing Provident Fund with balances as at 30th October 2012 not to distribute such funds but wait for the conclusions of the discussions with the GRA, in order to enjoy the full tax reliefs.

3.4 Until the conclusions of the above discussions with the GRA and without the prior consent of the NPRA, the withdrawal regime of the provisions of Section 112 of the National Pensions Act, 2008 (Act 766) shall apply.