

Tax advisers abusing the system

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My good friend Neasa MacErlean from the Observer had an interesting [article](#) in yesterday's paper. As she put it:

Wealthy people over the age of 75 who are looking for an alternative product to an annuity could be in for a shock: the government is considering clamping down on one such product, known as the 'alternatively secured pension' plan.

ASPs, introduced on 6 April this year, allow people to leave their pension funds invested after the age of 75 - rather than forcing them to buy an annuity.

And for some people, as she noted, this is a really important issue:

ASPs were originally designed for religious groups such as the Plymouth Brethren, who have moral concerns about annuities. They would see an annuity as a mortgage upon a soul, 'a way of undermining the challenges God sets by keeping secret from human beings the date of their deaths'.

But guess what? Again, to quote Neasa:

Now, however, only four months ASPs were introduced, the Treasury is considering calling a halt to them. Tax experts, it believes, are advising some clients to take out an ASP in order to pass on a pension fund to dependants and therefore avoid inheritance tax.

And who is objecting?:

Tax advisers are outraged at the possibility of a government U-turn.

Baker Tilly are named.

But as the Treasury say:

'We introduced this special concession for a very small group of people for a specific set of religious reasons, and it is unfortunate that a group of tax avoidance advisers are wilfully seeking to abuse it. We will take all action necessary to clamp down on this abuse but, if it persists, we will unfortunately have to remove the concession entirely. It

is unfortunate that the same tax advisers who always complain about blanket legislation then regularly seek to exploit any concessions and reliefs that we introduce.'

As usual, tax advisers are intent on spoiling the show by going for the 'legally possible' option. Ethically it's time this was stopped. But you can be sure, the advisers won't be doing it.