

STM Group Plc

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STM Group suffers Budget casualty on new taxes for overseas pension transfers

Shares in STM Group Plc (LON:STM) have tumbled more than 13% today after the pensions provider warned that new taxes introduced in the Spring Budget will impact its business.

Chancellor Philip Hammond yesterday revealed the government would crack down on individuals who try to avoid taxes by moving their pensions outside the European Economic Area (EEA).

A 25% tax on transfers of qualifying recognised overseas pension schemes (QRPOS) will apply from 9 March 2017.

The taxes won't apply if the individual and the QRPOS are in the same country after the transfer or if the transfer is in a country in the EEA. Exceptions will also apply if the QRPOS is an occupational pension sponsored by the individual's employer.

STM said the change is likely to affect its ability to grow the number QRPOS policies it administers.

About 80% of its new QROPS business is generated outside the EEA.

"Intermediaries will be carrying out extensive research over the coming weeks to analyse the impact of the proposed new tax charge further," STM said.

However the group believes the new taxes won't hurt the existing QROPS business, which generated recurring revenue from annual management charges of £8.4m in 2016.

The company's pension business represented about 50% of total revenue in 2016. The other 50% comes from its life assurance division.

Shares declined 13.92% to 34.0p in early trading.

Price: 43.333p

Market Cap: £25.74M

1 Year Share Price Graph



Share Information

Code: STM

Listing: AIM

52 week High Low
75.04p 41.08p

Sector: General Financials

Website: www.stmgrouplc.com

Company Synopsis:

The STM Group Plc is a financial services group operating in the international corporate and trustee service provider (CTSP) sector. Its main operating company, STM Fidecs, operates principally from Gibraltar. In January 2008, the Company announced the acquisition of Compagnie Fiduciaire Trustees Limited (CFTL), based in Jersey, Channel Islands.

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