Irish Life

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Pension tax **deadline** 2024

Answers to all your tax deadline questions

This is not a customer document and is intended for Financial Advisors only

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Individuals who both pay and file their tax returns through the Revenue On-line Service (ROS) have until **Thursday 14th November 2024** to pay a pension contribution and elect to backdate the income tax relief against the 2023 tax year. Those who do not qualify for the ROS extension must do this by **31st October 2024.**

There is no option to defer. If they do not take this opportunity, they will not get another chance to reduce their 2023 income tax liability.

Who files a self-assessment tax return?

- Self employed
- Propriety directors who own more than 15% of a company
- Those with non-PAYE income
- Members of company pension schemes who pay AVCs and want to backdate income tax relief to 2023

To avoid interest and surcharges they must by 31st October / 14th November 2024

- File their 2023 Income Tax Return
- Pay any balance of income tax outstanding for 2023
- Pay preliminary income tax for 2024

Filing returns electronically

Certain individuals are required to file their tax returns electronically through the Revenue Online Service (ROS) system. These include self-assessed individuals claiming income tax relief on personal pension, Personal Retirement Savings Account (PRSA), Additional Voluntary Contribution (AVC) contributions as well as those claiming other reliefs such as artists' exemption, woodlands exemption, patent income exemption etc.

Those affected should ensure they are registered for ROS so they can claim all reliefs they are entitled to.

Those claiming tax relief on pension contributions are required to upload a pension certificate or pension contribution details form. This can be a word document or PDF with the following information

- date of pension contribution payment
- total amount paid
- type of contract to which the contribution was paid
- the policy / scheme number
- name of insurance company / pension provider
- name and address of the customer
- confirmation tax relief has not already been provided on the contribution by deduction from salary through payroll

More information can be found on the Revenue's website **www.revenue.ie**

Self employed clients

Backdating income tax relief

A self-employed client who wants to pay a personal pension or PRSA contribution and backdate the income tax relief against their 2023 earnings needs to do the following

1. Pay the contribution to the life office or PRSA provider on or before the deadline, and

2. Submit their tax return to Revenue on or before the deadline

The deadline is 14th November 2024 for those who pay and file their returns using ROS. If there is any doubt about qualifying for the ROS extension we would recommend clients pay their pension contributions and file their tax return by 31st October to ensure they meet the deadline.

Claiming Income tax relief on personal pension or PRSA contributions

In order to claim income tax relief on contributions to a personal pension or PRSA the individual must be "chargeable to tax in respect of relevant earnings". Relevant earnings refer to income of individuals who are:

Self-employed: (income from a trade or profession taxed under Schedule D, Case I or II)

Employees: (Schedule E, PAYE and not a member of a company pension scheme)

Directors of companies: (Schedule E, PAYE and not a member of a company pension scheme)

Net relevant earnings are relevant earnings less charges in income (e.g. covenant payments, tax deductible maintenance payments, allowable interest) and losses or capital allowances related to the individual's relevant earnings

Income which is **not** relevant earnings includes:

- Investment income (e.g. rental income)
- Sleeping partner
- Earnings from an investment company where the client directly or in directly controls more than 20% or the company
- Pension income (annuity income) or payments from Approved Retirement Fund (ARF) or vested PRSA.
- Spouse's income as you cannot take out a pension for your spouse's income

Summary of back dating income tax relief

Self employed & proprietary directors

Date to make a claim

- Must elect to backdate pension contribution by 31st October 2024
- ROS extension
  14th November 2024

Forms required to make a claim

Complete Income Tax Form 11

Those claiming tax relief on pension contributions using Form 11 may need to upload a pension certificate or pension contribution details form. This can be a word document or PDF with the following information

- date of pension contribution payment
- total amount paid
- type of contract to which the contribution was paid
- the policy / scheme number
- name of insurance company / pension provider
- name and address of the customer
- confirmation tax relief has not already been provided on the contribution by deduction from salary through payroll

If clients do not upload a pension certificate or pension contributions details form, they should instead retain their pension certificate in case this is requested by Revenue as part of an audit at a later date.

How to make a claim

Return must be filed on ROS to claim income tax relief on pension contributions. See **www.revenue.ie** for more information.

Can employees avail of the tax deadline?

Employees can also pay a pension contribution and set it against their 2023 tax bill. To claim income tax relief on their pension contribution, employees must pay their contribution to the appropriate pension contract for their circumstances.

> **PRSA or Personal Pension:** where the employee had Schedule E income during 2023 but was not a member of their employer's company pension scheme.

> **AVC or PRSA AVC:** where the employee had Schedule E income during 2023, was a member of their employer's company pension scheme during 2023 and is still in that same employment.

Once an employee permanently leaves employment where they were a member of a company pension scheme, **they cannot make any further pension contributions in respect of the income from that employment**.

Note: a termination payment made on leaving employment (under Section 123 TCA 1997) is not considered income for pension purposes. This would include termination payments on redundancy, payment in lieu of notice and other ex-gratia payments.

Backdating income tax relief

An employee has until 31st October 2024 to:

1. Pay their pension contribution to the appropriate pension contract (see across), and
2. Send their tax return to Revenue, electing to backdate the pension contribution to 2023 tax year

Where an employee elects to backdate a contribution to a previous tax year they need to ensure that relief has not already been given in the current tax year. Where the contribution is paid through payroll under the net pay arrangement income tax relief is automatic and is given in the current tax year.

Summary of back dating income tax relief

Employees & non-proprietary directors

Date to make a claim

Must elect to backdate pension contribution by 31st October 2024 for 2023 tax year.

Those who are required by Revenue to file a Form 12 for 2023 can opt to file online in which case they have until 14th November 2024 to pay their pension contribution and submit their tax return.

Forms required to make a claim

Complete Income Tax Form 12

Employees who have more than €30,000 gross non-PAYE income or more than €5,000 net non-PAYE income should submit Form 11 instead of Form 12.

Those claiming tax relief on pension contributions are required to upload a pension certificate or pension contribution details form. This can be a word document or PDF with the following information

- date of pension contribution payment
- total amount paid
- type of contract to which the contribution was paid
- the policy / scheme number
- name of insurance company / pension provider
- name and address of the customer
- confirmation tax relief has not already been provided on the contribution by deduction from salary through payroll

How to make a claim

Online: file tax return through MyAccount or by their tax agents through ROS.

Paper: send their income tax form to their local tax office.

See **www.revenue.ie** for more information.

Maximum pension contribution allowed

For contributions paid in 2024 and set against 2023 earnings, an earnings cap of €115,000 applies for tax relief purposes to the total contributions to PRSAs, personal pensions and employee / AVC contributions to company pension schemes.

Age	% of Salary / Net Relevant Earnings
Under 30	15%
30 to 39	20%
40 to 49	25%
50 to 54	30%
55 to 59	35%
60 and over	40%

Note:

1. When backdating to 2023 employer PRSA contributions are excluded in the above limits.
2. The earnings limit does not apply to employer contributions to company pensions or to PRSAs.
3. For company pension schemes the total contributions (employer, employee & AVC) must be within overall Revenue maximum limits.

Late returns

Revenue have said that taxpayers should continue to file their tax returns on time even if payment of the resulting tax liabilities, in whole or in part, is not possible.

Revenue will not permit tax relief to be backdated against 2023 if the client has not elected to claim the tax relief in that tax year as part of his tax return, or if a tax return has not been filed on time. This applies even if the pension contribution was paid by 31st October 2024.

Revenue has made an exception for PAYE employees who are not normally self-assessed where they:

- Pay a contribution by 31st October 2024, and
- Retire in the year in which the contribution was made i.e. retire in 2024, and
- File a return and elect to backdate the contribution on or before 31st December 2024 If the above conditions are met then income tax relief against 2023 can be claimed.

If a client is not eligible for tax relief for any reason, this is not grounds for a refund of contributions. If tax relief cannot be claimed currently, then the client may be able to carry the relief forward and claim relief against relevant earnings in the future.

Earning limit and individuals with dual incomes

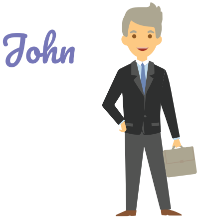
Tax relief on pension contributions are subject to two limits:

- The age related percentage of salary as shown on previous page
- The earnings limit which is set at €115,000

Where someone has two sources of income, one from an office of employment where they are a member of a contributory company pension scheme (pensionable employment) and the other either non-pensionable or from self-employment, the pensionable income uses up the earnings limit first.

Example 1

Pensionable income greater than the €115,000 earnings limit:



Age	45
Employment Salary	€150,000
Employee Contribution 5%	€7,500
Self-employed Income	€45,000

Pensionable Employment Salary

The maximum contribution John can make to his company pension is 25% of his salary, capped at €115,000.

That is 25% x €115,000 = €28,750.

As John is already paying €7,500 he has scope to pay further AVCs of up to €21,250.

Self-Employed Income

John's pensionable income uses up all of the €115,000 earnings limit.

As such he cannot claim tax relief on any personal pension or PRSA contribution made against his self-employed income.

This will apply even if John does not pay the maximum AVC allowed to his company pension.

Example 2

Total Income over the €115,000 earnings limit:

Tom

Age	45
Employment Salary	€80,000
Employee Contribution 5%	€4,000
Self-employed Income	€55,000

Pensionable Employment Salary

At age 45 the maximum contribution Tom can pay to his company pension is 25% of his salary.

That is 25% x €80,000 = €20,000.

As he is already paying €4,000 he has scope to pay AVCs of up to €16,000.

Self-Employed Income

Tom's pensionable income uses up the earnings limit first.

€115,000 less €80,000 leaves €35,000 of his self-employed income against which he can pay pension contributions.

The maximum personal pension or PRSA contribution he can pay against his self-employed income is 25% x €35,000 = €8,750.

This will apply even if Tom does not pay the maximum AVC allowed to his company pension.

Example 3

Total Income less than €115,000 earnings limit:

Kate

Age	52
Employment Salary	€30,000
Employee Contribution 5%	€1,500
Self-employed Income	€60,000

Pensionable Employment Salary

Kate can pay a maximum contribution to her company pension of 30% of her salary.

That is 30% x €30,000 = €9,000.

She is already paying an employee contribution of €1,500 and so has scope to pay AVCs of up to €7,500.

Self-Employed Income

As Kate's total income is less than €115,000 the earnings limit has no impact on her paying pension contributions towards her self-employed income.

The maximum personal pension or PRSA contribution she can pay is 30% x €60,000 = €18,000.

Contact us

Phone	**01 704 1010**
	8am to 8pm Monday to Thursday
	10am to 6pm on Fridays
	9am to 1pm on Saturdays
Fax	01 704 1900
Email	customerservice@irishlife.ie
Website	www.irishlife.ie
Write to	Irish Life Assurance plc, Irish Life Centre, Lower Abbey Street, Dublin 1.

Please Note: The information and tax rates contained in this document are based on Irish Life's understanding of legislation and Revenue Practice as at July 2024 and may change in the future. While great care has been taken to ensure the accuracy of the information contained in this document, Irish Life cannot accept responsibility for its interpretation nor does it provide legal or tax advice.

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