

Extended Revenue Deadline and opportunities for backdating Tax Relief

We are fast approaching the Revenue **“Pay and File”** tax deadline. For those wishing to make a Pension Contribution to help reduce their tax liability in 2022, they must make the Pension Contribution to the Life Office AND elect for tax relief to be backdated to 2022 before 31 October 2023.

For those customers who are registered to use the Revenue Online Service (ROS), the extended deadline for online tax returns is Wednesday, 15 November 2023.

- This includes customers registered on ROS who make contributions to Retirement Annuity Contracts (RACs), Personal Retirement Savings Accounts (PRSAs) and Additional voluntary contributions (AVCs) where tax relief can be claimed in respect of the previous tax year.
- The extended deadline for making RAC, PRSA or AVC payments also applies to Pay As You Earn (PAYE) customers provided the claim is made online (on the online Form 12) and any liabilities arising are paid on-line (through the “Payments” option in myAccount on the Revenue website).
- High-income earners who are required under section 485FB(3) of the Taxes Consolidation Act 1997 to submit a Form RR1, and who both Pay and File through ROS, may also avail of the extension to Wednesday 15 November 2023.

Tax relief limits

The following table sets out the maximum allowable tax relief limits for pension contributions based on increasing age bands:

Age Attained*	% of Net Relevant Earnings**
Up to age 29	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 59	35%
60 years of age and over	40%

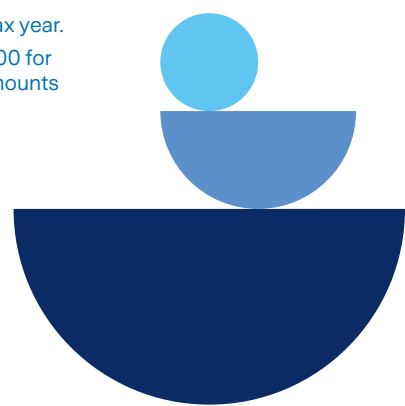
Notes:

* Age is Age Attained on the last day of the relevant tax year.

** Net Relevant Earnings (NRE) are capped at €115,000 for the purpose of calculating allowable contribution amounts in the 2022 and 2023 tax years.

Please note:

The changes to PRSA in the Finance Act 2022 were effective from 1st January 2023, so for the tax year 2022, the employer contribution will still need to be included for the purposes of the personal aggregated age-related percentage limits and earnings cap of €115,000. From tax year 2023 tax year onwards, employer contributions are excluded from limits.



Potential issues with backdating tax relief

The “Pay and File” deadline is not the only date(s) that needs to be considered for some individuals. There are a number of situations where clients may have additional restrictions if they are paying pension contributions and/or backdating tax relief to a previous tax year.

For example if their employment circumstances/status has changed (or is about to change) – such as new job, joining a pension scheme, employer sponsored PRSA or retirement – this change may restrict their ability to contribute to a pension and have the tax relief backdated.

In most cases it would be strongly advisable to make contributions before employment status changes, as it may be too late if this is done after the event.

Tax relief and product options

The client’s eligibility for a particular product type can be established based on the individual’s current status of having either “pensionable earnings” or “non-pensionable” / “relevant” earnings.

- If a client is a member of an occupational pension scheme they are deemed to be in “pensionable employment” and may only make additional contributions through a PRSA AVC or AVC to offset tax against their pensionable earnings.
- For those in an ‘employer sponsored PRSA’, they are also deemed to be in ‘pensionable employment’ from 2023 onwards but may still contribute to a PRSA personally and continue to receive relief. However, they are no longer entitled to offset income tax relief against their ‘pensionable earnings’ from 2023 tax year by means of a personal pension or personal pension term product.
- If a client is self employed or in non-pensionable employment they may only make additional contributions through a Personal Pension or PRSA to offset tax against their “relevant” or “non-pensionable” earnings.
- Care also needs to be taken for clients with dual incomes as there are Revenue rules regarding the income priority requirements for tax relief eligibility – e.g Doctors who have General Medical Services (GMS) Income and also private practice.

Changing Circumstances

Issues can sometimes arise where the client’s circumstances have changed. For example, if a client was a member of an occupational pension scheme in 2022 (i.e. was in pensionable employment in 2022) but has since left the employment, then an AVC cannot be backdated to 2022.

It follows that if the client was in an occupational pension scheme in 2022 and continued to be in 2023, a contribution to a PRSA AVC/AVC may be made and tax relief backdated to 2022.

If a client was self employed or in non-pensionable employment in 2022 and also in 2023, then a contribution to a PRSA/RAC may be made and tax relief backdated to 2022.

One final anomaly that exists is that if the client was self employed or in non-pensionable employment in 2022 and had a Personal Pension (PP) already in place at that time then even if they are no longer self employed or in the same non-pensionable employment in 2023, they could still make a contribution against 2022’s earnings and obtain tax relief. The key is that the Personal Pension was previously established in 2022 when they were eligible for that contract.

Caution required

There are many different reasons why individuals may need to change employment and therefore their pension status. Furthermore this does not just affect change of status in two different years – the same can apply for changes within the same tax year – so proceed with caution!

In some cases it may be a decision made by the client, e.g. recent change in PRSA status where employer contributing, but there are also situations where it may be out of the client’s control and they need to act fast to ensure that they get the contributions into the applicable pension product on time.

Important note

Please note that this Techtalk does not constitute tax advice. If they have not done so already, we would suggest that clients consider getting their own professional tax advice based on their own individual circumstances.

Important note for PAYE customers

For PAYE customers that are making a return through myAccount there is a new requirement to upload a copy of pension certificate or alternatively provide a one page document with the following information:

- Date of pension contribution payment
- Total amount paid
- Type of pension contract to which the contribution was paid – AVC, PRSA AVC, PP or PRSA
- The relevant policy / scheme number (or if a new policy simply insert “new policy, will be confirmed by Life Office in due course”)
- Name and address of the customer
- Confirmation that tax relief was not allowed on the contribution through net pay

The above note should be prepared by the customer themselves or their advisor and uploaded directly by them. We have created a [one-page template](#) which may be useful.

If you have further questions on any aspect of this briefing, please contact the TechTalk Team on 01 209 2020 or techsupport@zurich.com

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The information contained herein is based on Zurich Life's understanding of current Revenue practice as at November 2023 and may change in the future.

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GR: 8265 Print Ref: ZL LSA 4436 1122

