Opportunities and Pitfalls - Advising clients on backdating a pension contribution to a prior year

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 2024, they must make the pension contribution to the Life Office AND elect for tax relief to be backdated to 2024 before 31st October 2025.

For those customers who are registered to use the Revenue On-line Service (ROS), the extended deadline for on-line tax returns is Wednesday, 19th November 2025.

- This includes customers registered on ROS who make contributions to Personal Pensions, Personal Retirement Savings Accounts and AVCs where tax relief can be claimed in respect of the previous tax year.
- The extended deadline for making Personal Pensions, Personal Retirement Savings Account (PRSA) or AVC payments also applies to Pay As You Earn (PAYE) customers provided the claim is made on-line (on the on-line Form 12) and any liabilities arising are paid on-line (through the "Payments" option in myAccount on Revenue website).

Tax Relief Limits:

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

Notes:

1. Age is age attained on the last day of the relevant tax year
2. Net Relevant Earnings (NRE) are capped at €115,000 for the purpose of calculating allowable contribution amounts.

Age (Note 1)	% of Net Relevant Earnings (Note 2)
Up to age 29	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 59	35%
60 years of age and over	40%

Source: www.revenue.ie

Opportunities

Pension Season is a good time to assess a clients retirement plan generally and take steps to ensure an adequate income is in place at retirement, but it also offers additional opportunities to benefit from the tax reliefs associated with pensions. We have highlighted some of these benefits below:

Maximise Tax Reliefs for the given year.

Clients will have an opportunity up to 31st October 2025 (or extended deadline above where applicable) to backdate a pension contribution to be offset against income from 2024 and maximise their age-related limit for that year. Once that deadline passes that will no longer be possible.

PAYE Clients - Income Tax Rebates

PAYE clients with no other income will generally speaking not be required to pay additional tax at this time of year but when they backdate a pension contribution to be offset against income from 2024, they will often receive a rebate of some of the Income Tax they paid in 2024 when their overall income tax bill is recalculated to allow for the pension contribution they have now made. This illustrates to clients the benefit of the tax reliefs in a real tangible form.

Self-Assessment clients – reduce tax bills

Clients with Incomes on which they owe tax under the Self-Assessment system will be preparing to pay Income Tax to the Revenue at this time of year. Paying a pension contribution now and offsetting against relevant earnings from 2024 can help reduce these tax bills lessening the tax burden due to the Income tax relief being claimed.

Pitfalls - Potential issues with backdating tax relief

The "Pay and File" deadline is not the only issue that needs to be considered when advising clients around pensions and tax planning at this time of year. There are a number of issues which crop up every year and cause issues for clients looking to claim tax relief on a pension contribution. We have looked at some of these below.

Relevant earnings

In order to make a pension contribution and receive tax relief, clients must have "relevant" earnings in the prior year which they can pension. Relevant earnings are earned income from an employment or self-employment. Although clients may have income which is assessable to income tax, not all income types are classified as relevant earnings. See below a list of Income types and confirmation as to whether they would be seen as relevant earnings or not:

Source	How is it Taxed?	Does it stop when you retire?	Relevant Earnings
Earned it (Self Employed)	Schedule D (Case I or II)	Yes	Yes
Earned it (PAYE Employee)	Schedule E	Yes	Yes
Rental Income	Schedule D Case V	No	No
Inheritance/Gift received	Capital Acquisition Tax (CAT)	No	No
Dividend's Received	Schedule D IV	No	No
Deposit Interest received	Schedule D III	No	No

Source: www.revenue.ie

Changing Circumstances

Issues can arise where clients wish to pension their income from a prior year but their circumstances in relation to that employment have changed.

One common issue to be aware of is that, generally, Revenue will only allow tax relief on pension contributions made while you are still employed. Therefore employees making pension contributions after that date of leaving service, may be denied tax relief by Revenue. Tax relief is granted by Revenue at their discretion, and they may exercise that discretion depending on the circumstances of the case.

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

Clients with Multiple Incomes

If you have multiple incomes, Revenue applies additional Dual Income rules. These rules require that where one of your incomes is already linked to an occupational pension scheme then that income must be deducted from the overall limit of €115,000 Earnings first and additional incomes can only be pensioned in so far as there is additional scope under that overall limit – i.e. where a Doctors has General Medical Service (GMS) Income of €100,000 and additional Private Practice Income of €100,000, the GMS income (linked to GMS scheme) is looked at first and they could only pension the first €15,000 (€115,000 - €100,000) of any additional private practice Income.

Product Choice

What type of pension plan should be utilised?

It's important that clients and their advisors choose the correct product type to pension the income in question.

- If you are an employee that is a member of your employer's occupational pension scheme, you can make Additional Voluntary Contributions (AVCs) to your occupational pension scheme (subject to scheme rules allowing same), to a Group (AVC) arrangement or to a PRSA AVC plan.
- If you are an employee that is included in a PRSA to which your employer is contributing, you can make employee contributions to that PRSA plan or another PRSA (Non AVC) plan of your choice.
- If you are an employee that is not included in an occupational pension scheme or PRSA to which your employer is contributing then you are seen as being in "non-pensionable" employment and you can make contributions to a Personal Pension plan or a PRSA (Non AVC) plan.
- If you are self-employed then you can make contributions to a Personal Pension plan or a PRSA (Non AVC) plan.

Important note

Please note that this Techtalk does not constitute tax advice. Where possible we would suggest that clients consider getting their own professional tax advice based on their own individual circumstances and if necessary contact the Revenue directly.

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

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Zurich Life Assurance plc
Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie
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The information contained herein is based on Zurich Life's understanding of current Revenue practice as at September 2025 and may change in the future.

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