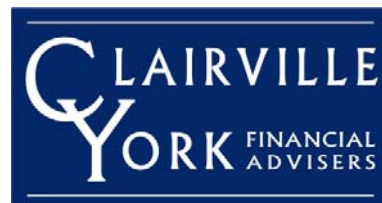


Claiming Higher Rate Tax Relief on Contributions to Personal Pensions and Self Invested Personal Pensions.



One big attraction for using a Personal Pension to save for retirement is the generous tax relief given on your personal contributions. You automatically receive basic rate tax relief at source, currently 20%, which HM Revenue and Customs pays directly into your pension fund. For example, if you decide to make a contribution of £100 from your net pay HMRC will top this up with a further £25.

However, if you are a higher or additional rate taxpayer you may be able to claim further tax relief. The amount of higher rate tax relief available to you will depend on the extent to which you pay higher rate tax; generally the greater your income (and the more higher/additional rate tax you pay), the more tax relief you will be able to claim.

Higher rate tax relief is not paid into your pension fund automatically by HMRC, instead it has to be claimed back. This can be done in one of two ways:

1) Complete the relevant section of your Self-Assessment Tax Form

If you choose to claim your higher rate tax relief this way, you may receive relief as a rebate at the end of the tax year, a reduction in your tax liability or an alteration to your Tax Code.

You should state the amount you have contributed to your Personal Pension or Self Invested Personal Pension. Make sure you enter the gross contribution (the amount you have paid in yourself, plus basic rate tax relief). Do not include any employer contributions.

According to HM Revenue and Customs, not entering the gross contribution is one of the most common and expensive mistakes people make on their tax returns. Entering the wrong figure can mean not receiving all the tax relief to which they are entitled. You can find the gross amount you have paid into your pension during the tax year on your Annual Pension Statement.

2) Write to your Tax Office

If you would rather not wait until you complete your Self-Assessment Tax Form, you can claim back higher rate tax relief through an adjustment to your Tax Code by writing to your Tax Office. You can usually find the address on your P60 or pay slip.

If you are likely to make single contributions or change your level of contributions in the tax year it might be easier to use your Self-Assessment Tax Form.

This letter tells HM Revenue and Customs how much you have paid into your pension and enables you to receive your relief once it becomes available. It can be submitted to your Tax Office at any time during the Tax Year. If you pay tax through Pay As You Earn (PAYE) you will normally receive your tax relief through an adjustment to your tax code.

How often do I need to contact my tax office?

You will need to complete and submit a new letter every time you alter your pension contributions, when your salary changes if you pay a percentage of your salary into your pension or if you switch to salary sacrifice, otherwise you may receive too little or too much tax relief.

If you are unsure where your tax office is, please speak to your payroll department. If you have any further questions about claiming higher rate tax relief, you can contact us by telephone or email.

Claiming higher rate relief for previous years

If you have made pension contributions which would have entitled you to higher rate relief in previous tax years, but have not yet claimed it, then it may still be possible to claim this. The deadline is four tax years after the end of the tax year for which you are claiming. For example the deadline for claiming tax relief in respect of 2010/11 is 5 April 2015.

You should write to your tax office, making sure you include the tax year to which the reclaim relates, stating that you are claiming for higher rate tax relief on personal pension contributions. You should include the gross pension amount you have paid for that tax year, along with details of the bank account into which you would like to receive any payment due.

You may find the following letter example helpful:

**1 The Street
Anytown
County
AB12 3CD**

HM Revenue & Customs
Tax House
Tax City
Tax County
EF45 6GH

06/05/2014

Dear Sir/Madam

**REF: Your Full Name
Your Date of Birth
Your National Insurance Number**

I wish to claim higher rate tax relief in respect of contributions I have made to my Personal Pension Plan with XYZ Pension Company, plan reference number 789101112.

This claim is in relation to the tax year 6th April 20XX to 5th April 20YY during which I contributed £xxx gross per month (or insert total for the tax year).

Please make your payment to:

ABC Bank
Branch
Sort Code
Account Number

My personal contributions are currently £xxx gross per month.

Yours faithfully,

Signature

Full Name