



# FORM 787S

**Return under Section 787S TCA 1997 (Income Tax due on chargeable excess in accordance with Section 787R TCA 1997)**

**Return Address**

**Collector General's Division  
Sarsfield House  
Francis Street  
Limerick  
V94 R972**

Use any envelope and write "Freepost" above the address

Please refer to the Notes and Examples overleaf before completing this form

**COMPLETE IN BLOCK LETTERS (If necessary use a continuation sheet)**

**PART A**

**Name of individual:**

**PPSN:**

**Name and address of administrator or PEPP provider:** (include Eircode or post code)

**PART B**

(1) Type of pension arrangement giving rise to the Benefit Crystallisation Event (BCE), e.g. Defined Benefit or Defined Contribution occupational pension scheme (if a Defined Benefit scheme, indicate whether private or public sector scheme), PRSA, Retirement Annuity Contract, PEPP, etc.:

(2) Name of scheme:

(3) Name and address of administrator or PEPP provider: (include Eircode or post code)

(4) Member number, scheme reference number or TIN number:

**PART C**

(1) Date of BCE: (DD/MM/YYYY)

(2) Description of BCE, e.g. pension, annuity, lump sum, transfer to an ARF, etc.:

(3) Amount of chargeable excess (attach computation):

(4) Tax due on amount at (3) before reduction, if any, for amount at (5):

(5) Amount of lump sum tax offset against amount at (4):

(6) Net tax due on amount at (3):

**Payment of the tax due at (6) must be made via ROS / myaccount - see Notes**

**YOU MUST SIGN THIS DECLARATION**

I DECLARE that, to the best of my knowledge and belief, all the particulars given on this form are correctly stated.

Signature

Date (DD/MM/YYYY)

Capacity of signatory

Telephone

# NOTES

## General

Chapter 2C of Part 30 of, and Schedule 23B to, the Taxes Consolidation Act (TCA) 1997 provide for a maximum allowable pension fund on retirement for tax purposes.

Chapter 2C imposes a limit (the standard fund threshold, or SFT) on the total capital value of pension benefits that an individual can draw in their lifetime from tax-relieved pension products, where those benefits come into payment for the first time on or after 7 December 2005.

For the purposes of Chapter 2C and Schedule 23B, the SFT is set at €2m as on and from 1 January 2014. It was set at €2.3m from 7 December 2010 to 31 December 2013 inclusive.

A higher threshold (the personal fund threshold, or PFT) will apply instead of the SFT where an individual has received a PFT certificate from the Revenue Commissioners.

On each occasion, on or after 7 December 2005, that an individual becomes entitled to receive a benefit under a pension arrangement (benefit crystallisation event, or BCE) within the meaning of paragraph (2) of Schedule 23B to the TCA 1997, they use up part of their SFT or PFT.

Where the capital value of a BCE, either on its own or when aggregated with BCEs that had been taken earlier, exceeds the amount of the SFT or PFT, a chargeable excess arises which is equal to the amount of the excess. Once the capital value of a BCE or BCEs equals or exceeds the SFT or PFT, any further BCEs will be a chargeable excess.

## Chargeable Excess Tax

The whole of a chargeable excess will be charged to income tax under Case IV of Schedule D at the higher rate of tax for the tax year in which the BCE giving rise to the chargeable excess occurs. No reliefs, allowances or deductions may be set against the chargeable excess when computing the amount of tax due. In certain circumstances, however, tax on retirement lump sums may be offset against tax due on a chargeable excess (see below).

The administrator of a pension arrangement who deducts tax from a chargeable excess in accordance with Section 787R TCA 1997 must provide the information requested in this form to the Collector-General **and** pay the tax, via ROS / **myAccount**, within three months of the end of the month in which the BCE giving rise to the chargeable excess occurs.

## Offset of retirement lump sum tax

Section 787RA TCA 1997, which applies to BCEs occurring on or after 1 January 2011, provides that where tax at the standard rate (i.e. under Section 790AA(3)(a)(i) or (3)(b)(i)(I) TCA 1997) is deducted from a retirement lump sum paid to an individual under a pension arrangement on or after that date and tax also arises on a chargeable excess in relation to that individual (the amount of which will have been influenced by the retirement lump sum amount) the pension scheme administrator is required to reduce the tax on the chargeable excess by the standard rate tax deducted from the retirement lump sum and pay the net amount of chargeable excess tax, if any, to the Collector-General.

Only tax paid on that part of a retirement lump sum up to 25% of the value of the SFT when the lump sum is paid (i.e. €500k for lump sums paid on or after 1 January 2014)<sup>1</sup> and not previously offset against tax on an earlier chargeable excess can be offset against chargeable excess tax. In this regard, it should be noted that the retirement lump sum tax regime is a cumulative one. Individuals have a lifetime tax-free limit of €200k after which tax applies at 20% on amounts between the tax-free limit and 25% of the applicable SFT (the SFT cut-off point) and at the individual's marginal rate on amounts above the SFT cut-off point.

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<sup>1</sup> €575k for lump sums paid between 1 January 2011 and 31 December 2013 inclusive.

**Retirement lump sum tax deducted under Section 790AA from the portion of a lump sum over the SFT cut-off point (i.e. the portion which is charged to tax under Schedule E at the individual's marginal rate) may not be offset against chargeable excess tax.**

Section 787RA includes the following features:

- lump sum tax includes standard rate tax paid on an earlier post 31 December 2010 retirement lump sum from a separate pension scheme administered by the same administrator or by another administrator (to the extent in all cases that the lump sum tax has not been previously offset against chargeable excess tax),
- an administrator (A) can only offset earlier standard rate tax paid on a retirement lump sum by another administrator (B) where A receives a certificate, as required in Section 787RA, from B,
- unused lump sum tax (i.e. where the amount of the lump sum tax eligible to be offset exceeds the chargeable excess tax) can be carried forward and used against chargeable excess tax arising on future BCEs occurring in relation to the individual.

## **Method of Payment**

Payment of the tax at Part C (6) of the Form must be made via ROS / **myAccount**:

- Using your customer number go to the "My Services" page on the ROS homepage and click "Submit a Payment"
- Click "Tax Payment / Declaration" and select "Pension Tax"
- Click on "Chargeable Excess"
- Click "Make a Payment" and insert the relevant details
- Select your preferred payment option

A payment may consist of tax deducted in respect of a number of individuals and / or may include more than one type of pension tax. Provided the details are entered correctly during the online payment process, it is not necessary to provide details of amounts paid to the Large Cases – High Wealth Individuals Division, Pensions Branch or to the Collector General's Division.

As payments may be subject to a verification check or audit, you should retain all backup documentation and payment acknowledgements for a period of six years from the end of the tax year in which a payment is made.

A payment should be made under your customer number rather than the number that may have been issued for the payment of pension taxes. As these taxes are ring-fenced, there will be no interaction with any other tax liabilities or tax payments which appear under the customer number.

You should contact Large Cases – High Wealth Individuals Division, Pensions Branch, if a payment is made in error or where retirement lump sum tax is to be offset against chargeable excess tax. Retirement lump sum tax which is offset against chargeable excess tax must be paid over to Revenue within three months of the end of the month in which the lump sum is paid.

Further details of the online payment facility are available on **[www.revenue.ie](http://www.revenue.ie)**

## **Enquiries**

Any enquiries regarding the tax liability on the chargeable excess to which this return relates should be addressed to the:

Office of the Revenue Commissioners  
Large Cases - High Wealth Individuals Division  
Pensions Branch  
Castle View  
52-57 South Great George's Street  
Dublin 2  
D02 HF50, Ireland

All tax liability queries should be submitted via MyEnquiries

Any enquiries regarding payment should be addressed to the:

Office of the Revenue Commissioners  
Collector General's Division  
Payment Accounting  
Sarsfield House  
Francis Street  
Limerick, V94 R972, Ireland  
Email: [cgrospaymentsgroup@revenue.ie](mailto:cgrospaymentsgroup@revenue.ie)  
Telephone: +353 1 738 3663

## Examples

**The following examples, based on the SFT of €2m which applies as on and from 1 January 2014, illustrate how the taxation of a chargeable excess works in practice.**

### Example 1

Alex retires on 1 March 2022 and becomes entitled to a pension (benefit crystallisation event (BCE)) with a capital value of €1.9m on that date. They have had no other BCEs arising since 7 December 2005 and have no other pension benefits. The capital value of their uncrystallised pension rights as on 1 January 2022 was €1.8m and, as this was less than the standard fund threshold (SFT) of €2m, they have no entitlement to a PFT in this case.

As the capital value of their pension is less than the SFT, there is no chargeable excess and, therefore, the pension fund administrator is not required to complete a Form 787S.

### Example 2

Sidney retires on 1 April 2022 and becomes entitled to a pension (BCE) which has a capital value on that date of €2.1m. They have had no other BCEs arising since 7 December 2005. The capital value of their uncrystallised pension rights as on 1 January 2022 was €1.9m. As this was less than the SFT of €2m, they are not entitled to claim a PFT from Revenue.

They have a chargeable excess of €100,000 (i.e. €2.1m less €2m) on which income tax is charged under Case IV of Schedule D at 40%. Their pension administrator must make a return to the Collector-General on Form 787S and pay the tax due (€40,000) via ROS / **myAccount** by 31 July 2022.

### Example 3

In 2013 Taylor had two BCEs with a capital value totalling €2m (i.e. their crystallised rights) neither of which involved a retirement lump sum. They also had uncrystallised pension rights in another scheme that they were building up valued at €450,000 on 1 January 2014 (but worth only €280,000 on 7/12/2010). As the aggregate of these amounts on 1 January 2014 exceeded the SFT of €2m, Taylor claimed and received a PFT of €2.3m from Revenue (the maximum PFT that could be claimed).

On 1 May 2022, Taylor exercises an ARF option under Section 784(2A) TCA 1997 in respect of the uncrystallised pension rights (which have a value of €500,000 at that date). They transferred €375,000 to an ARF, which is the balance of their accrued rights under the fund after they had taken a retirement lump sum equivalent to 25% of the fund.

As the exercise of the ARF option and the taking of the retirement lump sum are BCEs, Taylor's scheme administrator must ascertain if a chargeable excess arises. The calculation is as follows:

Amount of PFT:	€2.3m
Less amount of BCEs prior to 1 May 2014:	€2m
PFT available on 1 May 2014:	€0.3m
Amount of current BCEs (transfer to ARF and retirement lump sum):	€0.5m

In this example, Taylor has a chargeable excess of €200,000 (€0.5m less €0.3m) on which income tax is charged under Case IV of Schedule D at 40%. Their pension administrator must make a return

to the Collector-General on Form 787S and pay the tax due (€80,000) via ROS / myaccount by 31 August 2022.

#### Example 4

Casey, who does not have a PFT, was paid a retirement lump sum of €300,000 in March 2021, from which their pension administrator deducted tax of €20,000 (€300,000 less the tax free amount of €200,000 = €100,000 @20% rate of tax) under Section 790AA(3)(a)(i) TCA 1997.

In April 2022, they had a further BCE from a pension arrangement administered by the same administrator on which chargeable excess tax of €50,000 arises.

In calculating the amount of chargeable excess tax payable on this BCE, the administrator must reduce the chargeable excess tax of €50,000 by the earlier lump sum tax of €20,000. The net amount of chargeable excess tax, i.e. €30,000, is payable to the Collector-General.

(If another administrator had deducted the lump sum tax in 2021, the present administrator would require a certificate from the other administrator in order to allow an offset of that lump sum tax).

#### Example 5

Sam, who has a PFT of €2.2m, takes retirement benefits from an RAC on 8 May 2022 consisting of a 25% lump sum of €100,000 and the investment of the balance of €300,000 in an ARF. This RAC had a value of €370,000 on 1 January 2022 and is their final retirement benefit. They had the following earlier BCEs valued at €1.905m:

- Defined benefit pension of €50,000 p.a. commenced on 1 July 2018 (BCE value = €1m, i.e. €50,000 x 20),
- RAC of €500,000 taken in September 2020 as 25% retirement lump sum and remainder as a taxable lump sum, and
- PRSA valued at €405,000 in February 2022 when a 25% retirement lump sum was taken (the value was €330,000 on 1 January 2022).

The chargeable excess is €105,000, 40% tax on which is €42,000. The appropriate certificate has been received from the PRSA administrator in respect of the standard rate tax of €5,250 paid on the PRSA lump sum. The lump sum standard rate tax paid on the current RAC lump sum is €20,000. These are offset against the chargeable excess tax giving a net liability of €17,800 to be paid to the Collector-General by the RAC administrator before 31 August 2022, accompanied by Form 787S.

The Revenue Commissioners collect taxes and duties and implement customs controls. Revenue requires customers to provide certain personal data for these purposes and certain other statutory functions as assigned by the Oireachtas. Your personal data may be exchanged with other Government Departments and agencies in certain circumstances where this is provided for by law. Full details of Revenue's data protection policy setting out how we will use your personal data as well as information regarding your rights as a data subject are available on our **Privacy** page on [www.revenue.ie](http://www.revenue.ie). Details of this policy are also available in hard copy upon request.

#### Legal Disclaimer

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.