

## Tax Relief for Pension Contributions – late elections

This document was last reviewed April 2017

The legislation governing income tax relief for pension contributions (contributions) is covered in *Part 30 Taxes Consolidation Act (TCA) 1997*.

In general, relief is given for the year of assessment in which the contributions are paid, with provisions in place for the carry forward of unrelieved amounts. In addition, there are a number of provisions [**sections 774 (8), 776 (3), 787 (7) and 787C (3) TCA 1997**] which provide that contributions paid after the end of a year of assessment but on or before the return filing date for that year, i.e. 31 October of the year following the year of assessment, may be treated as paid in the earlier year of assessment if the individual **so elects on or before** that date (the 31 October deadline is extended in certain circumstances for ROS customers). These provisions allow ample opportunity for individuals to make a timely election, if so required.

Revenue is aware that the final date for making an election is, occasionally, overlooked by individuals who are not chargeable persons within the meaning of *Part 41A TCA 1997*. Contributions which are the subject of an election made after this date cannot be relieved in the earlier year. This does not normally give rise to difficulties as relief can be obtained in the year of payment and following years if necessary. However, where an individual is close to retirement he/she may have insufficient income in the year in which the contributions are paid to absorb the full amount of the contribution. Also, the carry forward of unrelieved contributions to later years is not an option where the individual retires in the year in which the contribution is paid as pensions are not taken into account in computing income for relief purposes.

Having considered the matter, Revenue will treat elections made under **sections 774 (8), 776 (3), 787 (7) and 787C (3) TCA 1997** by individuals who are not chargeable persons within the meaning of *Part 41A TCA 1997* as timely if the following conditions are met:

- The election is received on or before December 31 in the year following the year for which relief is claimed
- The contributions have been paid by the return filing date for the relevant year and
- The claimant is retiring in the year in which the contributions are paid.