Tax relief for pension contributions made in the year of retirement – late elections

Appendix III

This manual should be read in conjunction with Part 30 of the Taxes Consolidation Act 1997.

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Income tax relief for pension contributions is provided for in **Part 30 Taxes Consolidation Act 1997 (TCA)**. 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, **sections 774(8), 776(3), 787(7), 787C(3)** and **787X(3) TCA** provide that contributions paid after the end of a year of assessment but on or before the return filing date for that year (31 October of the year following the year of assessment) may be treated as paid in the earlier year of assessment, where the individual so elects on or before that date. The 31 October deadline is extended where an individual both files and pays online via ROS or myAccount.

The final date for making an election is occasionally overlooked by individuals who are not chargeable persons within the meaning of Part 41A TCA. Contributions which are the subject of an election made after the final 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 s/he may have insufficient income in the year in which the contributions are paid to absorb the full amount of the contribution. Also, carrying forward unrelieved contributions to later years is not an option where the individual retires in the year in which the contribution is paid, because pensions are not taken into account in computing income for relief purposes.

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

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