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Guide to Claiming Higher-Rate Tax Relief

Claiming higher-rate tax relief on contributions to personal and workplace pensions.

INTRODUCTION

One of the biggest attractions of using a personal pension scheme to save for retirement is the generous tax relief given on contributions. Basic-rate tax relief is automatically added to pension contributions, and this is paid directly into the pension fund.

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

This additional tax relief is not paid into the pension fund automatically. If you pay higher or additional-rate tax you normally need to claim it back direct from HMRC. Good news is, the Government have created a new service allowing you to claim your tax relief online, making it a much easier process for you. Please note if you pay into your pension via a salary sacrifice scheme, your tax relief is applied automatically and you don't have to claim tax back from HMRC. However, if you're not a part of a salary sacrifice scheme and pay more than basic rate tax, below is a guide on how to claim your tax relief back:

If you already complete a Self Assessment tax return...

If you complete a Self Assessment tax return, you must claim through your tax return (for the current tax year and any previous years).

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. Make sure you enter the gross contribution (the amount you have paid in yourself, plus basic-rate tax relief). Please note you should not include your employer's contributions.

You can find the gross amount you have paid into your pension during the tax year on your annual pension statement.

If you are not required to complete a Self Assessment tax return...

You can visit the Government website HERE to start claiming your tax relief now. You will need to sign in with your Government Gateway user ID and password - don't worry if you don't have one, you can create one when you first try to sign in.

To claim tax relief on your personal and workplace pension payments, you will need to know :

- Your National Insurance number.
- The type of pension.
- Your pension provider.
- The net amount of pension contributions for each tax year you're claiming for.
- Your payroll/reference number.

You may also need to upload or send proof from your pension provider of payments made for each tax year you're claiming for.

IMPORTANT

Please note, you can still claim by post and send a letter if you are:

- Unable to claim online.
- An agent acting on behalf of a client.

You will still need all the information previously mentioned for your letter.

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This guide is published solely to help clients make their own decisions. It does not constitute a personal recommendation and you should seek advice if you are unsure about your own circumstances. Any tax reliefs referred to are those currently applying but the government can and does change tax rules. The exact amount you receive depends on your individual circumstances.