

LAST
CHANCE!

PENSION NEWS

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Last Chance for Employees and Directors to Claim a Refund of PRSI and Health Levy Payments!

If you are an employee or company director who pays taxes through the PAYE system you currently have one last chance to back-date relief from PRSI and Health Levy on certain pension contributions. But, you are quickly running out of time. Everything has to be in place by October 31st 2011. If you file and pay your tax return through the Revenue online system (ROS) you have a little longer – up until November 15th.

Up to December 31st 2010 relief against Income Tax, PRSI and Health Levy was allowed on qualifying personal contributions to pension plans. Since January 1st of this year relief is no longer available against PRSI. Nor is it available against the new Universal Social Charge (USC) which replaced the Health Levy and the Income Levy.

However, Revenue practice allows for the back-dating to 2010 of relief against Income Tax, PRSI and Health Levy to be claimed on certain personal contributions made **and notified to the Revenue** before October 31st 2011. Therefore, for example, individuals who paid Income Tax at 41%, PRSI at 4% and Health Levy at 4% in 2010 could claim back €490 for every €1,000 of qualifying contributions they make before October 31st. Qualifying contributions must be

paid personally by the individual employee/director and they must fall within the age and earnings related contribution limits as detailed in the table below.

Age & Earnings Related Contribution Limits	
Age Band	% of Earnings*
Up to 29	15%
30 to 39	20%
40 to 49	25%
50 to 54	30%
55 to 59	35%
60 and over	40%

*There is an earnings cap to which the relevant percentage figure can be applied – €115,000.

Employer contributions to occupational pension schemes do not count for the purposes of maximising your contributions, but employer contributions to PRSAs do.

For example, an employee aged 45, with no other source of income, who earned €50,000 in gross income from his employment and contributed €3,000 to his employer's occupational pension arrangement in 2010, can contribute €9,500 now and back-date the relief to 2010. This would mean a refund of Income Tax, PRSI and Health Levy of €4,655 being due

to him. If he allocated the €9,500 contribution to the current year it would give him relief against Income Tax only and result in a saving of €3,895. In other words, he gains €760 by back-dating the relief to 2010.

This really is an opportunity not to be missed. For more details contact your Pension Advisor today!



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