

Upminster Cricket Club

Club Newsletter – November 2019

Hunter & Co Article

Check if you have unused annual allowances on your pension savings

We congratulate all the teams of UCC on another successful year and thank everyone for such a wonderful day at the Benefits Match once more which seems such a long time ago now that summer is truly over.

We thought we would provide some insight into the pension allowance that is proving to affect quite a few people and hope that it provides some useful information.

Taxpayers are allowed to pay up to £40,000 into a pension scheme but this limit includes both your own and your employer's contribution. The limit however can be reduced to as little as £10,000 if your total income goes over HMRC stated limits (see notes below).

Your annual allowance is the limit on the amount of pension savings that can be made to all your pension schemes in a tax year before you have to pay tax on them.

You will not be taxed on pension savings over your annual allowance if you have enough unused annual allowance from previous years to carry forward. You can carry forward unused allowance from the 3 previous tax years.

This annual allowance only applies to pension savings made to your UK registered pension schemes, or to overseas schemes where either you or your employer qualifies for UK tax relief.

If your 'adjusted income' is over £150,000 and your 'threshold income' is over £110,000, you'll need to work out your reduced annual allowance.

You have unused annual allowance if your pension savings were less than your annual allowance for the tax year.

You can ask each of your pension providers for details of your pension savings for each scheme if they've not already sent them to you.

If you had unused allowance from the 2015 to 2016 tax year, you need to check if you had a different allowance for that tax year.

The annual allowance rules for the 2015 to 2016 tax year were different.

The annual allowance for 6 April 2015 to 8 July 2015 (known as the 'pre-alignment tax year') was £80,000. This allowance was available against pension savings made in pension input periods ending in that tax year.

The annual allowance for 9 July 2015 to 5 April 2016 (known as the 'post-alignment tax year') was zero.

You could have carried forward up to £40,000 of unused annual allowance from the pre-alignment tax year if you were a pension scheme member in that year.

You can carry forward unused annual allowances from the 3 previous tax years. You do not need to report this to HMRC.

If your pension savings are more than your annual allowance for the tax year, and you do not have unused annual allowances from the 3 previous tax years to cover the difference, then there is a pension charge and tax is due on this amount.

If you would like further information on this, then please do not hesitate to contact us on 01708 255555 or feel free to pop into our offices at 195 St Marys Lane, Upminster.

Esin Hunter

