

## Tax back and your pension

### Investing in a pension plan means extremely attractive tax benefits.

What are the best ways to invest in your future and get lots of tax back? See our quick guide below and if you need to talk to an expert, talk to a [tax expert](#).

#### PRSA

Contributions to a Revenue-approved PRSA or personal pension plan can attract tax relief for income tax purposes (but not for the purposes of USC or PRSI) up to an annual limit related to the person's age and net relevant earnings in the tax year. Net relevant earnings exclude certain charges on income and capital allowances.

#### Below 30

Below the age of 30, the maximum contribution allowable is 15% of net relevant earnings, rising to 40% of net relevant earnings for contributions made at age 60 or over. There is a further restriction on the amount of net relevant earnings that may be taken into account for tax relief purposes.

#### Lots of tax back

The effect of this tax relief is to reduce the net cost of investing in a pension plan, by the amount of the tax relief that can be claimed on the contribution made. So the net cost of a €10,000 pension contribution made by a higher rate (41%) taxpayer, for example, is  $(€10,000 \times (1 - 0.41)) = €5,900$ .

#### Pension schemes and a lot of tax back

Here's how the contributions to occupational pension schemes and AVCs are treated for tax purposes:

1: Any contribution made by the employer to the scheme is not treated as a benefit in kind for the employee concerned.

2: Any personal contributions made by the employee are deductible for income tax purposes (but not for USC or PRSI purposes) within the limits explained for personal pensions in the ThinkBusiness.ie Guide to Private Pensions. That is, a maximum contribution of 40% of remuneration for an employee aged 60 and over. Again, there is a limit on the amount of remuneration that can be taken into account for tax relief purposes (€115,000 for 2015).

**READ MORE:** [A business owner's guide to private pensions.](#)