

## **HMRC's Annual Allowance Calculator guidance**

Tax relief is provided on pension input up to a maximum called the Annual Allowance. HMRC require members to pay back the tax relief given on any pension saving in excess of the annual allowance via an annual allowance tax charge

For defined contribution pension schemes, this 'pension input amount' is not related to your pension contributions, but the growth in your pension over the period.

- Final Salary pension schemes - your pension grows when your service and/or whole time equivalent salary increases
- Career Average Revalued Earnings (CARE) pension schemes - your pension growth is linked to your pensionable pay in the period.

*NB: Your pension may grow by a significantly different amount to the contribution amount you have paid in*

A members Pension Savings Statement (PSS) will provide pension input for the current year. Unused allowance can be carried forward for three years, so the previous three years of input are also provided. This will allow members to review their tax position for that year using HMRC's calculator, available here <https://www.tax.service.gov.uk/paac>.

### **Select the years you were a member of a registered pension scheme**

This includes qualifying overseas pension schemes

- 6 April 2019 to 5 April 2020
- 6 April 2018 to 5 April 2019
- 6 April 2017 to 5 April 2018
- 6 April 2016 to 5 April 2017
- 6 April 2015 to 5 April 2016
- 6 April 2014 to 5 April 2015
- 6 April 2013 to 5 April 2014
- 6 April 2012 to 5 April 2013
- 6 April 2011 to 5 April 2012
- 6 April 2010 to 5 April 2011

When using the calculator you need only check boxes for the year(s) you have breached and the previous 3 years to allow for carry forward.

Pension Savings Statements will include details for a member's final salary and CARE 2015 pension input in separate tables. HMRC is interested in total pension input so you need to add the inputs together, along with any input you might have from any other pensions. In order to collate the information you may need to request Pension Savings Statements from your pension provider as they may only be sent automatically if the standard annual allowance is breached in a single scheme.

To check your pension savings tax position you will need the information on your Pension Savings Statement. For 2016/17 onwards you will also need to know if your 'Threshold Income' is more than £110,000 (this includes pensionable earnings from employment as well as other income such as savings interest, rental income, share dividend income, certain salary sacrifice arrangements etc. Most personal and workplace pension contributions can be excluded). Then the value of your 'adjusted income' (which includes pension contribution and pension growth, as well as other income) determines if you are subject to 'tapering', which reduces the annual allowance available to you on a sliding scale.

It is your responsibility to calculate these figures. SPPA does not hold enough data about your financial affairs to calculate these and you may need to consider seeking professional advice.

Visit <https://www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance> for more information.

Follow the calculator, entering the requested data collated from the Pension Savings Statement (as well as any other pension savings you may have).

**Table 1**

Your Annual Allowance details for the \*final salary scheme name\* scheme are in the table below.

PIP Start	PIP End	Annual Allowance	Pension input amount (PIA)	
06/04/2018	05/04/2019	£40,000	£41,000	1A
06/04/2017	05/04/2018	£40,000	£21,000	1B
06/04/2016	05/04/2017	£40,000	£20,000	1C
09/07/2015	05/04/2016	£80,000	£32,000	1D
01/04/2015*	08/07/2015	£40,000	£6,000	1E

**Table 2**

Your Annual Allowance details for the \*CARE 2015 scheme name\* scheme are in the table below.

PIP Start	PIP End	Annual Allowance	Pension input amount (PIA)	
06/04/2018	05/04/2019	£40,000	£18,000	2A
06/04/2017	05/04/2018	£40,000	£12,000	2B
06/04/2016	05/04/2017	£40,000	£11,000	2C
09/07/2015	05/04/2016	£80,000	£15,000	2D
01/04/2015*	08/07/2015	£40,000	£2,000	2E

Total Pension input amount	
1A + 2A	£59,000
1B + 2B	£33,000
1C + 2C	£31,000
1D + 2D	£47,000
1E + 2E	£8,000

**How much were your pension savings from 6 April 2018 to 5 April 2019?**

Enter an amount rounding down to the nearest pound, for example 62300  
59000

**How much were your pension savings from 6 April 2017 to 5 April 2018?**

Enter an amount rounding down to the nearest pound, for example 62300  
33000

**How much were your pension savings from 6 April 2016 to 5 April 2017?**

Enter an amount rounding down to the nearest pound, for example 62300  
31000

**How much were your pension savings from 9 July 2015 to 5 April 2016?**

Enter an amount rounding down to the nearest pound, for example 62300  
47000

**How much were your pension savings from 6 April 2015 to 8 July 2015?**

Include all pension savings made during pension input periods that ended between 6 April 2015 and 8 July 2015.  
Enter an amount rounding down to the nearest pound, for example 62300  
8000

\*SPPA statements show 01/04/15 as the PIP start for this year as statements had not yet aligned with HMRC tax years. Enter this pension input amount as the 6 April 2015 to 8 July 2015 entry in the calculator.

**NB: The example above relates to a member with benefits in both Final Salary and CARE so the values from both tables need to be added together before entering in the HMRC calculator.**

**If a member is only in one scheme then only one table will be displayed on the Pension Savings Statement (PSS) and these values should be entered into the HMRC calculator.**

**In either case, if the member has benefits in a non-SPPA scheme, the pension input from that scheme should also be added.**

**Results**

The calculator will display the current tax year (2019/20) as the main result, even if you have entered no data for this year. As you are interested in 2018/19 you should scroll past this.

**Calculation results**  
 In the tax year 6 April 2019 to 5 April 2020 you have no unused annual allowance and no tax to pay.



The Available annual allowance, Amount on which tax is due and Unused Annual allowance are only accurate if the previous 3 years to any breach are complete. You should pay attention to the year you are currently checking. In this example, the £59k pension savings for 18/19 results in a £19k breach of the £40k annual allowance. £16k of carry forward has been used leaving £3k on which tax is due.

If your nominal tax rate is 46% then the tax due is  $0.46 \times £3000 = £1380$ .

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2019 to 5 April 2020	£0	£0	£0	£0	£0
6 April 2018 to 5 April 2019	£56,000	£0	£59,000	£3,000	£0
6 April 2017 to 5 April 2018	£49,000	£0	£33,000	£0	£16,000
6 April 2016 to 5 April 2017	£40,000	£0	£31,000	£0	£9,000
9 July 2015 to 5 April 2016	£40,000	£0	£47,000	£7,000	£0
6 April 2015 to 8 July 2015	£80,000	£0	£8,000	£0	£40,000

In this example if the member was concerned about the breach in 2015/16 and had not previously checked, they should request the previous 3 years of data in order to check their carry forward position at that time.