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](https://www.tax.service.gov.uk/paac).

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.


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.

<table>
<thead>
<tr>
<th>PIP Start</th>
<th>PIP End</th>
<th>Annual Allowance</th>
<th>Pension input amount (PIA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/04/2018</td>
<td>05/04/2019</td>
<td>£40,000</td>
<td>£41,000</td>
</tr>
<tr>
<td>06/04/2017</td>
<td>05/04/2018</td>
<td>£40,000</td>
<td>£21,000</td>
</tr>
<tr>
<td>06/04/2016</td>
<td>05/04/2017</td>
<td>£40,000</td>
<td>£20,000</td>
</tr>
<tr>
<td>09/07/2015</td>
<td>05/04/2016</td>
<td>£80,000</td>
<td>£32,000</td>
</tr>
<tr>
<td>01/04/2015*</td>
<td>08/07/2015</td>
<td>£40,000</td>
<td>£6,000</td>
</tr>
</tbody>
</table>

#### Total Pension input amount

- 1A + 2A = £59,000
- 1B + 2B = £33,000
- 1C + 2C = £31,000
- 1D + 2D = £47,000
- 1E + 2E = £8,000

### Table 2
Your Annual Allowance details for the *CARE 2015 scheme name* scheme are in the table below.

<table>
<thead>
<tr>
<th>PIP Start</th>
<th>PIP End</th>
<th>Annual Allowance</th>
<th>Pension input amount (PIA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/04/2018</td>
<td>05/04/2019</td>
<td>£40,000</td>
<td>£18,000</td>
</tr>
<tr>
<td>06/04/2017</td>
<td>05/04/2018</td>
<td>£40,000</td>
<td>£12,000</td>
</tr>
<tr>
<td>06/04/2016</td>
<td>05/04/2017</td>
<td>£40,000</td>
<td>£11,000</td>
</tr>
<tr>
<td>09/07/2015</td>
<td>05/04/2016</td>
<td>£80,000</td>
<td>£15,000</td>
</tr>
<tr>
<td>01/04/2015*</td>
<td>08/07/2015</td>
<td>£40,000</td>
<td>£2,000</td>
</tr>
</tbody>
</table>

*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](image)

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 x £3000 = £1380.

![Table](image)

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.