

# A guide to claiming tax relief which you aren't given automatically

This guide is based on Aviva's understanding of current legislation. Tax benefits are subject to change, interpretation and depend on your main place of residence as advised to us by HM Revenue & Customs (HMRC) and your other individual circumstances.

## One of the greatest advantages of using any type of registered pension arrangement to save for retirement is that you're given tax relief on your contributions.

Once you've joined your employer's pension plan, your employer will deduct your contributions from your salary and send them, together with any contribution they're making, to Aviva unless your member contributions have been replaced with additional employer contributions under a salary exchange arrangement. (This is an arrangement between you and your employer in which you agree to a reduction in your salary or bonus, in return for a benefit, such as a pension contribution from your employer which matches the salary/bonus you exchanged).

Unless your employer operates under the 'Net Pay Arrangement' (occupational pension schemes that aren't personal pension schemes), basic rate tax relief (currently 20%), will then be added by Aviva to your member contribution and we'll invest the total amount into your plan. In other words, if £80 is deducted from your net pay, we'll add £20 tax relief and invest £100 for you. This is known as 'relief at source'. The £100 invested is your gross contribution.

Your gross contribution can be calculated as: contribution deducted from net pay x 1.25 = gross contribution.

If you pay more than basic rate tax, you may be entitled to receive further tax relief at your marginal rate. You can claim any further tax relief you're entitled to in either of the following ways:

### Tax code adjustment

If you wish to receive your further tax relief regularly throughout the year, you'll need to contact HMRC to request that your tax code is adjusted. The best way to do this is to go on-line at [gov.uk/tax-codes](https://gov.uk/tax-codes) and if not already registered with the Government Gateway, complete the registration process. Alternatively, you can do this by post (address provided on page 3) or by calling HMRC on **0300 200 3300**, quoting your National Insurance number.

If possible you should do this online, if not you should inform HMRC that you're paying into a pension plan which operates 'relief at source'. You'll need to inform HMRC of the gross amount of your contributions which is the amount after basic tax relief is added (£100 in example above), and the date you started to contribute.

The first time you give this information, you can do it on-line or in writing (please see page 2 for an example letter you can use). In subsequent years, you should be able to update this information on-line or by telephone if there are any changes. By checking your tax code you'll get an estimate of the appropriate tax relief throughout the year as HMRC will adjust the tax code that your employer uses to calculate any PAYE tax due on your earnings.

### Self assessment

Alternatively, you may complete a self assessment tax return to claim your further tax relief. This may be more suitable for you if you already have to complete one or if you're likely to change your contributions or pay additional single contributions throughout the tax year. You should still show your pension contributions in your self assessment return even if you've already contacted HMRC.

The amount of contribution you show on the return should be your own gross contribution, calculated as: contribution deducted from net pay x 1.25.

Tax relief for the relevant tax year will then be paid as a rebate, as a reduction in your tax liability or as an alteration to your future tax code.

### Net pay arrangement

Pension schemes that use the 'Net Pay Arrangement' allow for full tax relief to be given through payroll. In such circumstances it's unlikely that any tax refund will need to be claimed if all of your contributions have been paid through your employer's payroll or via salary/bonus exchange. If you have made an additional contribution to a scheme of this type from your own bank account, you will need to claim all the tax relief direct from HMRC. This is normally done through self-assessment.

### Proof of contributions

Whichever method of claim you choose, at some stage HMRC may ask you to provide proof of the contributions you've paid into your plan. You'll automatically receive a benefit statement from Aviva each year, which should be sufficient. You can obtain a statement at any time by registering or logging onto your online account. Contributions through payroll should also be evident from your payslip.

If HMRC requires anything else from Aviva, please contact us using the helpline number in your scheme literature.

## Example letter to Pay As You Earn & Self Assessment

(To claim tax relief above basic rate on personal contributions to your Relief at Source pension.)

**HM Revenue and Customs**

**BX9 1AS**

**United Kingdom**

Name:

Address:

NI Number:

Employer scheme name:

Date:

Dear Sir/Madam,

### **(Intermediate/Higher/Additional/Top) Rate Tax Relief on Member Pension Contributions**

With effect from \_\_\_\_\_ I commenced making member contributions into the above Pension Plan through my employer.

My personal monthly member contributions are £ \_\_\_\_\_ gross (i.e. after basic rate income tax relief has been added).

Therefore, my annual contribution is £ \_\_\_\_\_ gross.

My annual earnings are £ \_\_\_\_\_ gross.

Please amend my personal tax code from \_\_\_\_\_ to reflect the marginal rate tax relief that I should receive on my member pension contributions.

I look forward to receiving confirmation of this amendment in due course.

Yours faithfully

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