

# Tax-saving opportunities for Employees

If you are an **employee** who feels you are paying too much tax, the good news is that you may be entitled to a refund of some of the Income Tax you paid in 2021.

This can be achieved by personally making a lump sum Personal Pension plan, PRSA or PRSA AVC contribution, depending on your employment circumstances, by 31 October 2022 and electing to backdate the tax relief to 2021, subject to the age-related limits below.



Age Band	% of Net Relevant Earnings
Up to age 29	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 59	35%
60 and over	40%

Notes:

1. An earnings cap of €115,000 applies to contributions. Pension contributions made by you in 2021 must be deducted from the maximum tax-allowable contribution calculated based on these limits.
2. Age is age on your birthday in 2021.
3. Retirement benefits are subject to separate Revenue limits.
4. Reference throughout this document to 'Tax' refers to 'Income Tax'.

**Note:** If you use the Revenue Online Service (ROS) to both file your tax returns and pay your taxes you have until 16 November 2022 to file and pay for 2021.



### Example

Jane is a 35 year old employee who paid Income Tax at the 40% rate in 2021. She makes a pension contribution of €10,000 by 31 October 2022 and informs her local tax office by 31 October 2022 that she wishes to backdate relief on this to 2021. She is entitled to the following refund:

	40% Taxpayer
Gross Pension Contribution	€10,000
Tax Refund	€4,000
Net Outlay	€6,000

**Important!** Tax refunds are claimed by the individual informing his/her tax district by 31 October 2022 that the tax relief on the contribution paid by this date is to be backdated to 2021.

**Note:** If you use the Revenue Online Service (ROS) to both file your tax returns and pay your taxes you have until 16 November 2022 to file and pay for 2021.

### What type of pension plan?

- If you are an employee in non-pensionable employment, you can make contributions to a Personal Pension plan or a PRSA plan.
- If you are an employee in pensionable employment, you can make contributions to a Group Additional Voluntary Contribution (AVC) arrangement or to a PRSA AVC plan.

Note: Pensionable employment is where you are a member of an occupational or statutory pension scheme. You are not in pensionable employment where your employer is contributing to a PRSA arrangement on your behalf.

**Make the most of the tax-efficiency of pension contributions now – you may never get such good value again!**

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The information contained herein is based on Zurich Life's understanding of current Revenue practice as at September 2022 and may change in the future.

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