

Pension deadline for high earners

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THOUSANDS OF senior business executives face crippling tax bills on their existing pensions unless they register with the Revenue.

A cap on allowable pension savings of €2.3 million was imposed by former minister for finance Brian Lenihan in his final budget.

Anyone with a pension fund in excess of that amount at the date of the Budget – December 7th last – is required to register the details of their pension with Revenue by June 7th. If they fail to do so, Revenue will effectively levy 72 per cent in tax on anything above the threshold when they retire.

The requirement to register

was put in place for the €5.4 million threshold previously in place, but PricewaterhouseCoopers partner and pension group director Brendan Bartley notes that the high ceiling meant only a handful of individuals were affected.

The new lower threshold will, he says, affect many people in middle management positions and even some in the public service. He suggests that anyone with earnings of €175,000 needs to check their position with advisers.

While the value of defined contribution pension funds may be easy to assess, those on defined benefit pension schemes will need to assess the “attributed value” of

their funds as of December 7th last.

Once registered, people will be able to avoid tax on existing pension funds with the Revenue allocating individuals Personal Fund Thresholds to reflect that figure.

It is unclear how many will be affected by the ceiling, although some estimates suggest it could be as high as 6,000 people.

A spokesman for the Revenue said yesterday that, to date, just 144 enquiries had been made.

Anyone who fails to meet the deadline will be allowed register a higher personal fund threshold only if they can show the Revenue reasons why they were unable to make an application in time.