



# Tax-saving opportunities for Employees

## The good news...

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 2018.

This can be achieved by personally making a lump sum personal pension plan or PRSA contribution by **31 October 2019** and electing to backdate the tax relief to 2018, subject to the age-related limits shown here:

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 2018 must be deducted from the maximum tax-allowable contribution calculated based on these limits.
2. Age is age on your birthday in 2018.
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 **12 November 2019** to file and pay for 2018.



### Remember

Making pension contributions can be a very tax-efficient way for you to save for your retirement.

## Example

John is a 45 year old employee who paid Income Tax at the 40% rate in 2018. He makes a pension contribution of €10,000 by 31 October 2019 and **informs his local tax office by 31 October 2019** that he wishes to backdate relief on this to 2018. He is entitled to the following refund:

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

Note: For employees who paid Income Tax at the 20% rate in 2018, the refund of Income Tax will be €200 for every €1,000 contributed to a pension plan.

**Important!** Tax refunds are claimed by the individual informing his/her tax district by 31 October 2019 that the tax relief on the contribution paid by this date is to be backdated to 2018.

Note: If you use the Revenue Online Service (ROS) to both file your tax returns and pay your taxes you have until 12 November 2019 to file and pay for 2018.

## 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!

### Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.  
Telephone: 01 283 1301 Fax: 01 283 1578 Website: [www.zurich.ie](http://www.zurich.ie)  
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The information contained herein is based on Zurich Life's understanding of current Revenue practice as at August 2019 and may change in the future.

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