Pension Contributions and HMRC Self-Assessment

Aon Client Briefing

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At-a-glance

The HMRC Self-Assessment process enables individuals to declare to HMRC any additional tax due to be paid; or claim back any tax relief or overpaid tax.

For pensions, the Self-Assessment system will be used:

- By individuals who pay income tax at a higher rate (40% or 45%) than the basic rate (20%) to claim full tax relief on any contributions where only basic rate tax relief has been received from pension schemes operating the **'relief at source'** tax relief method.
- To declare any tax due because of exceeding any of HMRC's allowances, such as the **Annual Allowance** (see the separate Aon Briefing Note).

Who can claim tax relief?

Contributions paid to a pension scheme, up to certain limits, receive tax relief. The rate of tax relief available is dependent upon the levels of taxable earnings an individual has in the applicable tax year.

If your pension uses '**relief at source'** either as an employee contribution paid via payroll, or you pay directly to the pension provider, the pension provider will apply tax relief at a rate equivalent to basic rate tax (currently 20%). Therefore, if you pay income tax at a higher rate the balance of tax relief needs to be claimed via the HMRC Self-Assessment process.

Please note

If you are making contributions to your workplace pension by Salary Sacrifice or if you are contributing to a Final Salary Scheme or Occupational Scheme out of gross pay (confusingly officially called the 'net pay' tax relief method) then these deductions are taken from your pay before income tax. Therefore, you already receive tax relief at a rate equivalent to your highest rate of income tax and therefore no further tax relief can be claimed.

How many years relief can you claim for?

Whilst you can only use Self-Assessment to claim tax relief for the relevant tax year (6 April to 5 April) of the return, tax relief can still be claimed for up to **4 years after the end of the relevant tax year** the claim is being made for.

This is confirmed by HMRC within the Self-Assessment Claims Manual: www.gov.uk/hmrc-internal-manuals/self-assessment-claims-manual/sacm3035

If you are claiming tax relief through your tax code for the current tax year only, you can use the following link: Claim tax relief on your private pension payments - GOV.UK

How is the additional tax relief calculated?

HMRC will:

1. Add the value of your pension contributions made to your tax threshold and then calculate the total tax you should have paid based upon these earnings and deduct the level of income tax actually paid.
2. Recalculate how much tax you should have paid.
3. Compare this with what you actually paid.

If you've paid too much, HMRC will:

- Use it to offset other tax liabilities, or
- Refund it to you either via a lump sum or by adjusting your tax code.

Completing the Self-Assessment tax return

To claim full tax relief, you must enter the **gross amount** of pension contributions you personally made in that tax year and applied to your pension by the pension provider in that tax year.

Gross amount = what you paid **plus** the basic-rate tax relief added by the pension provider.

Example:

- £80 per month is taken from net pay (**relief at source**) and sent to the pension provider.

- The provider adds £20 tax relief, so the gross contribution is £100 per month.
- Over 12 months, the gross contributions are **£1,200**.

On completing their Self-Assessment, they enter **£1,200** as their total contributions for the year.

On the tax return (paper SA100 or online), enter the **gross total** under **'Tax reliefs'** in the box for:

"Payments to registered pension schemes where basic rate tax relief will be claimed by your pension provider (called relief at source). Enter the payments and basic rate tax."

Declaring an Annual Allowance tax charge

For details on how to check if you have an Annual Allowance tax charge, see the separate **Aon Client Briefing – Annual Allowance**.

Key points:

- You only enter details on your tax return if you **exceeded the Annual Allowance and have a tax charge to pay**.
- You **do not** need to report this if:
    - You exceeded the Annual Allowance, **but**
    - You have enough unused allowance from the previous three tax years (**carry forward**) and sufficient income in the current tax year to cover the excess pension contributions using the previous unused allowances.

This is confirmed within HMRC's Pensions Tax Manual: www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm056200

If you **do** have an Annual Allowance tax charge to pay:

1. Complete the **'Additional Information'** section (SA101 on paper) under **'Pension Savings Tax Charges'**.
2. Input:
    - The excess over the Annual Allowance in the box titled:
      'Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance'.
    - If using **Scheme Pays** and your pension scheme is paying some or all of the tax for you, enter that amount in the next box titled:
      'Annual Allowance tax paid or payable by your pension scheme'.

HMRC will then calculate the tax due to be paid.

Note
Tax treatment depends on your **personal circumstances**. Both your circumstances and tax rules can change in the future.

Where can you get help?

Government website:

HMRC Self-Assessment Claims Manual: www.gov.uk/hmrc-internal-manuals/self-assessment-claims-manual/sacm3035

HMRC's Pensions Tax Manual: www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm056200

Financial advice: If you are at all uncertain about making any decisions to do with your finances and benefits, please take advice. You can seek guidance on finding a Financial Adviser on the Money Helper website here: www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser

The information explained in this document is intended as a general guide only and is based on current UK legislation and HM Revenue & Customs (HMRC) practice for the 2026-27 tax year. Tax treatment depends on individual circumstances and tax rules, both of which may be subject to change in the future.

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