

STILL TIME TO CLAIM A TAX REBATE ON YOUR 2022 ACCOUNTS!



For any and all of you who are now finalising your 2022 accounts using the Revenue Online System (ROS), the 15th November 2023 tax deadline is fast approaching and represents your last chance to reduce your 2022 tax liability.

QUESTION – WHAT ARE THE MAIN TAX ADVANTAGES OF MAKING A PERSONAL PENSION CONTRIBUTION BEFORE THE 15TH November 2023 TAX DEADLINE?

ANSWER – There are quite a number, but my top 3 would probably be:

- 1) You can elect to backdate and thereby use the contribution to reduce your 2022 final tax liability.
- 2) By reducing or eliminating last years' tax liability, you can also reduce this years' preliminary tax liability.
- 3) You effectively give the Revenue a pay-cut by putting money into and thereby boosting your own personal pension fund rather than handing it over to the taxman.

QUESTION – CAN YOU GIVE ME AN EXAMPLE OF HOW THIS TAX RELIEF WORKS, IN PRACTICE?



ANSWER – John is a 53 year old, self-employed builder, who is now finalising his 2022 accounts and his accountant has informed him he has a tax liability of €25,000 for 2022. As business is quite good, he decides to put €20,000 into a personal pension in his own name and use this to offset some of his 2022 tax liability. As a 40% tax payer, he receives tax relief of €8,000 and immediately reduces his 2022 liability down to €17,000. Not only this, but by reducing last year's final tax liability, he also reduces this year's pre-liminary tax liability by the same amount – a double tax saving in the first year. €20,000 saved in a pension and massively reduced tax liability, how good is that?

QUESTION – DO I HAVE TO TAKE ON ANY INVESTMENT RISK WITH MY CONTRIBUTIONS INTO A PENSION FUND?



ANSWER – If you have sufficient years to go before reaching retirement age, you can and almost certainly should take on an element of risk in order to achieve higher returns than those available from cash deposits. That said, you don't have to, there are a wide range of low risk and capital protected funds available. The choice is yours and this will be explored and explained in detail by any qualified financial adviser in an experienced practice prior to making any pension contribution.

QUESTION – HOW IS AN INVESTMENT INTO A PERSONAL PENSION ANY BETTER THAN INTO A PERSONAL DEPOSIT ACCOUNT OR INVESTMENT BOND?



ANSWER – The answer is quite simply, substantially better and let's look at the above example as a case in point. Before making any investment growth, a €12,000 net cost for a €20,000 on the spot value is an immediate **GUARANTEED 66.6% RATE OF RETURN**. Not only this, but any and all growth within the pension fund structure is completely free of any (*DIRT TAX, EXIT TAX or CGT to be paid on any personal investment*) and you receive a tax-free lump sum at retirement.

QUESTION – WHERE SHOULD I LOOK TO GET THIS PENSION SET UP AND SORTED?

ANSWER – You can access the set-ups of these personal pension from a tied agent of a life company or bank, but, you're almost certainly much better off contacting a [broker](#) and seeking advice from an impartial financial advisor. They will have access to many if not all of the main providers in the market place, and generally speaking, will be able to negotiate better terms on your behalf. Get in touch with us here today by emailing info@lifestylefinancialplanners.ie or calling me directly on : 086 8053755.