Redirect Money from Revenue back to Yourself BEFORE The 19th November Deadline!

Every November, self-employed professionals and company directors face a choice. Pay your previous years' tax bill in full, or, reclaim a substantial portion of it by redirecting it into your pension before the deadline for filing returns, which this year ends on 19th November.

A large proportion of people don't exercise their option/right to reclaim this tax, many of those I assume do so not by choice, most probably not realising the opportunity exists.

So, you have until mid-November to make a pension contribution and backdate it to the 2024 tax year and for higher-rate taxpayers, this generates an immediate return of up to 66.6%. Once the deadline passes however, the opportunity to reclaim tax back from 2024 disappears forever.

How it Works

Irish tax law permits individuals to claim tax relief on qualifying pension contributions up to age-related percentage limits of relevant earnings. Revenue caps pensionable earnings at €115,000 annually.

Age-Based Contribution Limits:

- Under 30: 15% of relevant earnings
- 30–39: 20%
- 40–49: 25%
- 50–54: 30%
- 55–59: 35%
- 60 and over: 40%

A 45-year-old therefore, earning €100,000 can contribute €25,000 and claim full relief. The calculation is straightforward, the deadline is what catches people out.

The Backdating Provision

Standard pension contributions reduce the current year's tax liability. Backdated contributions reduce last year's liability, a crucial distinction when you've already calculated what you owe for 2024.

To backdate a contribution to 2024, you must:

1. Make the payment before 19th November 2025
2. Instruct your pension provider to designate it as a 2024 contribution
3. Inform your accountant and claim the relief when finalising your 2024 return

This flexibility exists because Revenue's self-assessment deadline (31 October, extended to 19th November for those filing online through ROS) accommodates year-end tax planning. After 19th November, contributions can only reduce your 2025 liability.

The Financial Impact

Consider a self-employed professional, age 42, earning €120,000 in 2024.

Without action: Their final income tax liability for 2024 is €26,000 of which they have €20,000 already paid in preliminary tax. They file their accounts, pay the outstanding €6,000 and move on.

With a €20,000 backdated contribution: They claim 40% tax relief on €20,000, reducing their 2024 tax bill by €8,000. As they have already paid €20,000 in preliminary tax, this action not only wipes out the outstanding €6,000 previously owed but they are due an additional rebate of €2,000 of the tax paid in 2024.

- Gross contribution: €20,000
- Net cost after relief: €12,000
- Amount working in pension: €20,000
- Effective uplift: 66.6%

That €8,000 is simply money redirected from Revenue to your pension fund through legitimate tax planning.

Additionally, because preliminary tax for 2025 is generally based on the prior year's liability (typically 100% of 2024's final bill), reducing your 2024 tax down from €26,000 to €18,000 automatically reduces your 2025 preliminary payment by the same amount. This improves cash flow in the current year whilst building your retirement assets aka reaching Financial Freedom sooner.

What Qualifies as Relevant Earnings (and What Doesn't)

To qualify for tax relief, contributions must be based on **relevant earnings**. This is income from a trade, profession, or employment that ceases when you retire.

Here's a simple guide to help explain:

Income Source	**How It's Taxed**	**Does It Stop When You Retire?**	**Relevant Earnings?**	**Tax Relief on Pension Contributions?**
Earned it (Self-Employed)	Schedule D Case I or II	Yes	☑ Yes	☑ Yes
Earned it (PAYE Employee)	Schedule E	Yes	☑ Yes	☑ Yes
Rental Income	Schedule D Case V	No	✗ No	✗ No
Inheritance/Gift Received	Capital Acquisitions Tax	No	✗ No	✗ No
Dividends Received	Schedule D Case IV	No	✗ No	✗ No
Deposit Interest (DIRT)	Schedule D Case III	No	✗ No	✗ No

(Source: Revenue Commissioners, www.revenue.ie)

If your income falls outside these categories, for example, you earn only rental income or dividends, then these are not eligible for personal pension relief, though other financial planning opportunities may be available.

Tax Relief on Contributions, Tax-Free Growth on the Investment

Backdating a pension contribution once provides immediate tax savings, but doing so consistently over the years transforms tax planning into wealth accumulation.

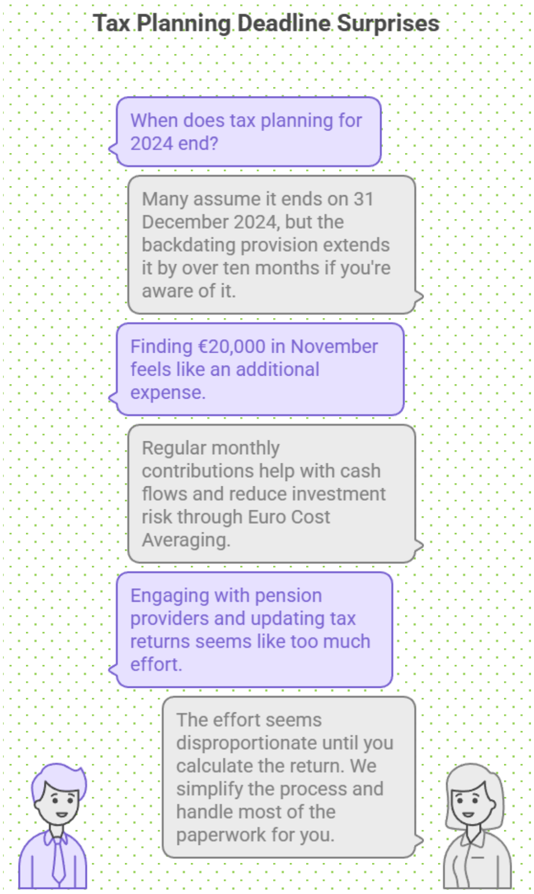
Assume contributions of €20,000 over 10 years, with 5% annualised net growth:

- Total gross amount contributed: €200,000
- Net cost after 40% relief: €120,000
- Fund value after 10 years: approximately €264,000

That €144,000 difference represents the tax relief on the contributions compounded with tax-free investment growth.

Extending this to a 20-year timeframe, and the figures become more striking. The same €20,000 annual contribution at 5% grows to just over €694,000, whilst your net outlay remains €240,000 after tax relief.

In my experience, there are 3 factors to this deadline which catches people unprepared.



Timing perception: Many assume tax planning for 2024 ended on 31 December 2024. The backdating provision extends it by over ten months, but only if you're aware of it.

Cash flow concerns: Finding €20,000 in November feels like an additional expense. Regular monthly contributions not only help with cash flows by spreading the cost over the entire year, they also help reduce the investment risk through Euro Cost Averaging.

Administrative inertia: Engaging with pension providers and updating tax returns requires coordination across multiple parties. The effort seems disproportionate until you calculate the return. At Lifestyle Financial Planners, we simplify the process and handle most of the paperwork for you.

So, now you know, contact us here at Lifestyle Financial Planners if you would like to have a pension contribution backdated to last year. The 19th November deadline doesn't shift and neither does the opportunity cost of missing it. Get in touch by emailing info@lifestylefinancialplanners.ie or call 096-75951 to reserve your complimentary **Discovery Meeting**