

Why higher rate taxpayers ...

...don't (always) get 40% tax relief.

The information that follows is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice.

This is just for UK financial advice professionals.

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Where content includes case studies or examples these are for illustration purposes and are not recommending a specific course of action.

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and your client may get back less than they've paid in.

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Learning Objectives

By the end of this session, you will be able to:

Describe the operation of tax relief for individuals and third parties

Describe the tax relief for employer pension contributions, with a focus on limited companies

Identify circumstances
where a pension
contribution can produce
greater returns for
clients

4 million new taxpayers

3 million new higher rate taxpayers

400,000 new additional rate taxpayers

FISCAL DRAG

c 4.5 min GREASIE Dend tax rayers 500,000 rew Papital Sains Taxpayers

REDUCED ALLOWANCES

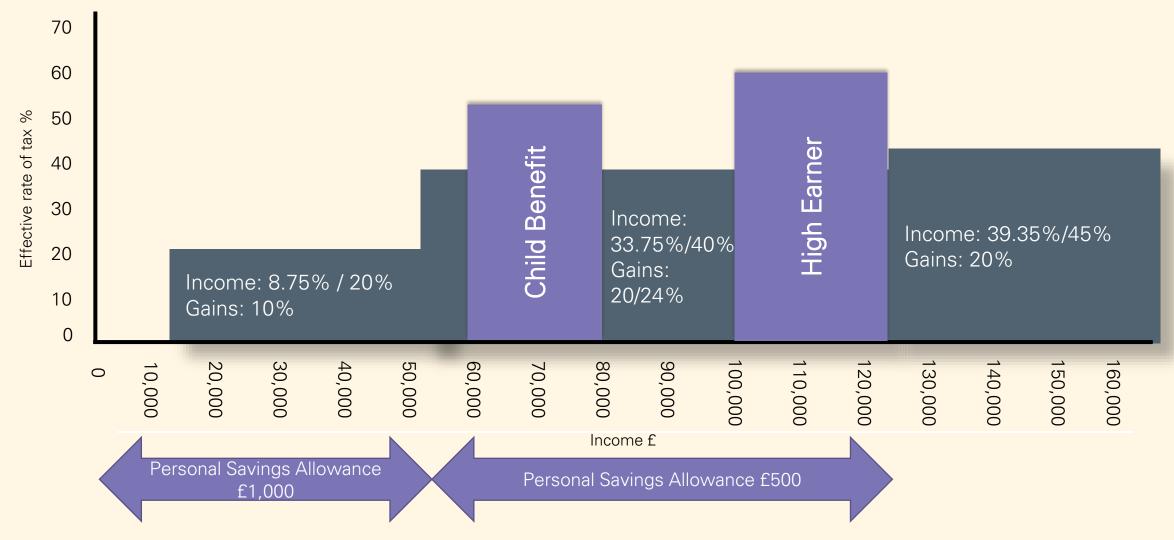
30% of companies will pay increased corporation tax

Inheritance Tax will exceed £7bn a year



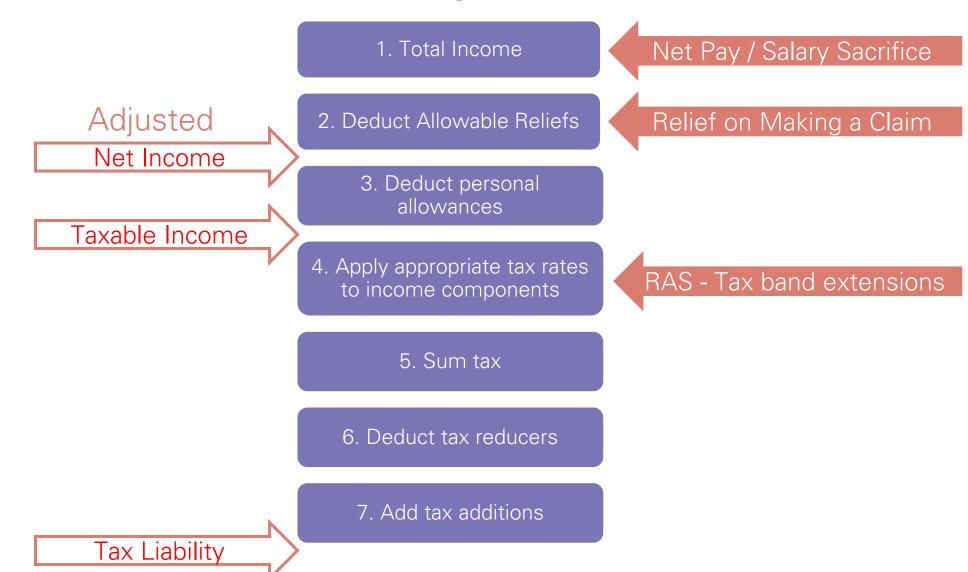
INCOME TAX COMPUTATION

UK Income Tax Landscape



The full amount of bond gains and interest and dividends are included at Step 1 of the UK income tax computation.

UK income tax computation



"Step 2.5" Adjusted Net Income

Adjusted Net Income

Net Income

Less Relief at Source

<u>Less</u> Gift Aid Payments

Add Tax relief for certain union payments

Add Tax relief for certain police payments

Adjusted Net Income

Tax Relief v Annual Allowance

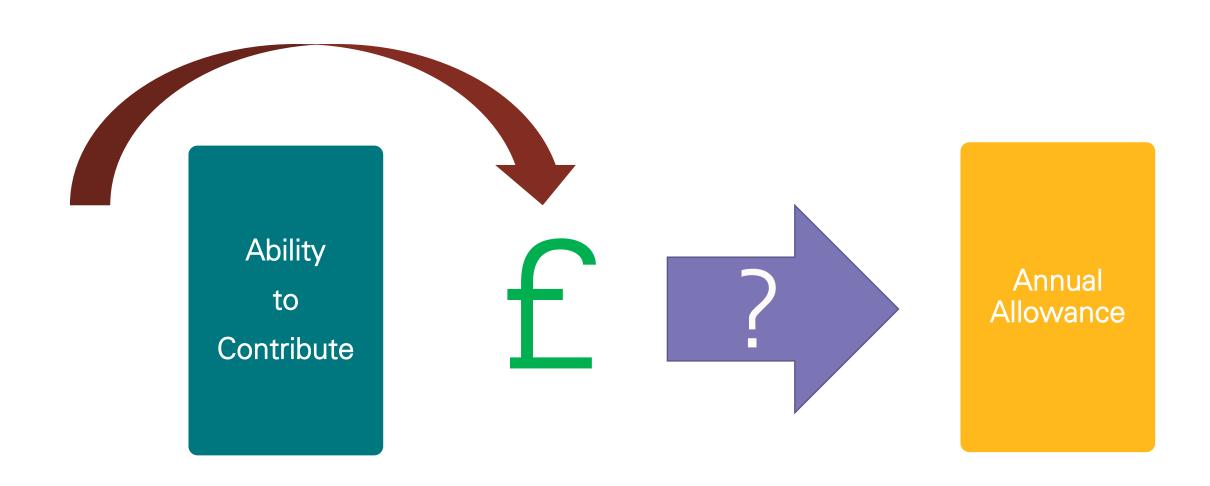
Tax relief

Individual / 3rd party Contributions
Tax Years
100% of relevant earnings or £3,600 if higher

Pension Input Amounts
Pension Input Periods
Various limits!

Annual allowance

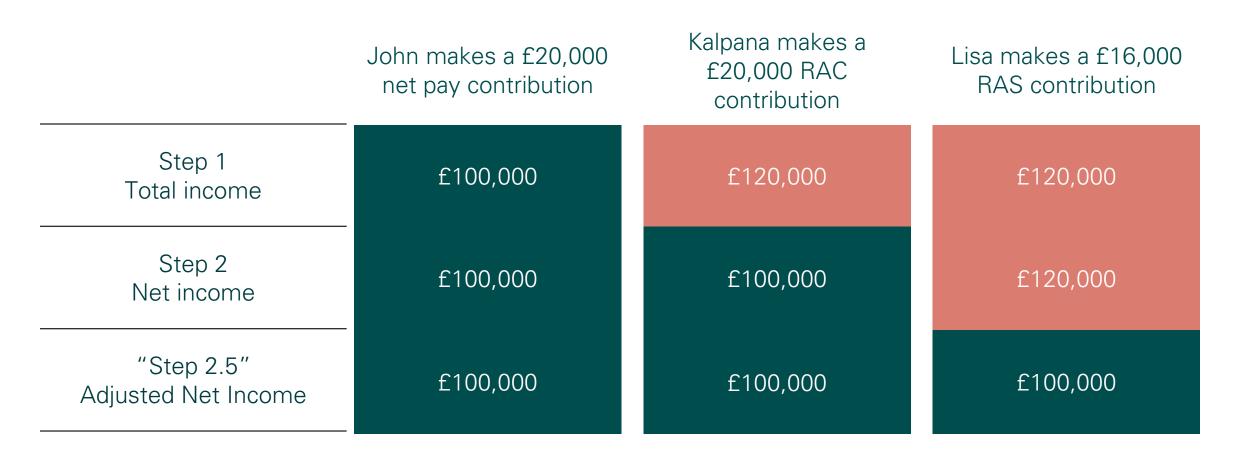
One before the other



INDIVIDUAL TAX RELIEF

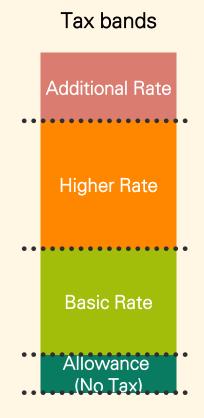
How pension contributions work

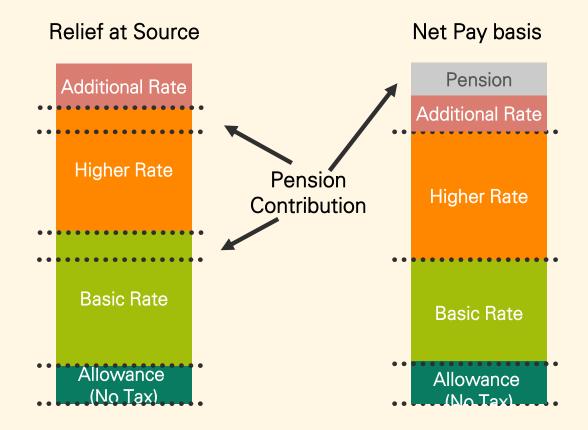
John, Kalpana and Lisa are all paid a salary of £120,000 p.a. and have no other income.



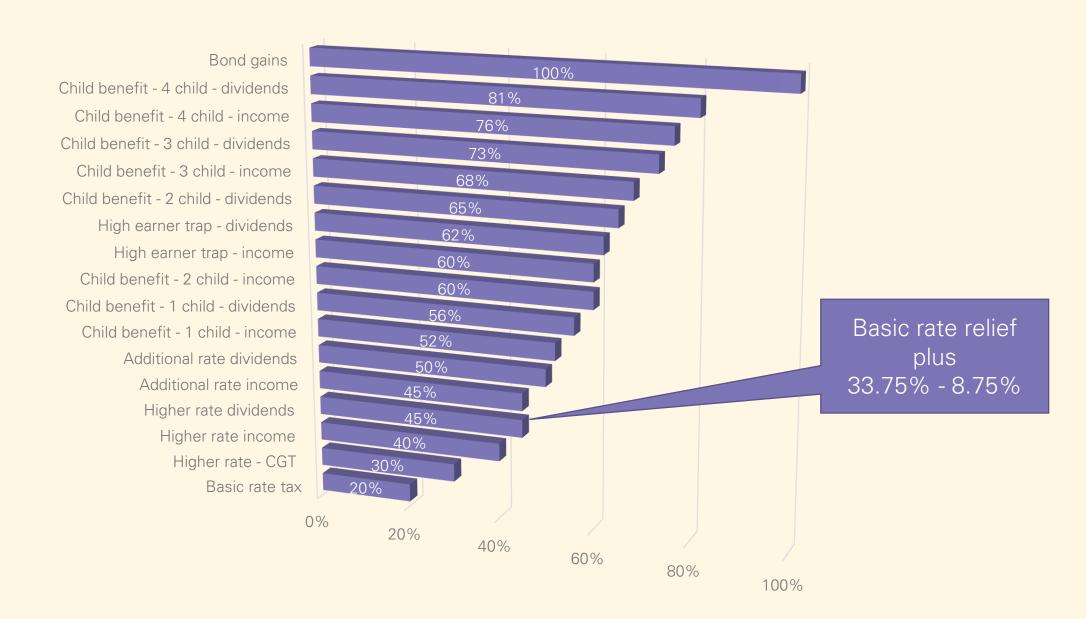
How pension tax relief works







Tax Relief – Effective rates



Tax Year 2024/25

ABOUT YOUR CI	LIENT		CHARG	GEABLE EVENTS - BOND (SAINS		
What is the client's age?	Under 75	Onshore Gain 1		Years Gain 1 (N)	Slice 1		
		Onshore Gain 2		Years Gain 2 (N)	Slice 2		
Scottish Tax Payer?	No	Onshore Gain 3		Years Gain 3 (N)	Slice 3		
		Onshore Gain 4		Years Gain 4 (N)	Slice 4		
Number of Children							
		Offshore Gain 1		Years Gain 1 (N)	Slice 1		
Gift Aid (Gross amt)		Offshore Gain 2		Years Gain 2 (N)	Slice 2		
		Offshore Gain 3		Years Gain 3 (N)	Slice 3		
		Offshore Gain 4		Years Gain 4 (N)	Slice 4		
	INCOME SOU	RCES		EXISTING PENS	ION CONTRIBUTIONS		
Employment Income		Gross Savings Interest		Relief at Source (Net A	mount	R	
Benefits in Kind		Dividends		Contributions paid gross		E	
Taxable Self Employed Profits		Non Residential Capital Gains		- Contributions paid give	,33		
UFPLS (taxable element)		Residential Capital Gains		NEW PENSIO	N CONTRIBUTIONS	S	
Drawdown / Annuity Income		Taxable Redundancy Payment		1		E	
State Pension Income		Rental Income - Relevant		Relief at Source (Net Amount)			
Purchased Life Annuity Income		Rental Income - Not relevant		Contributions paid gro	1		
				─			
BEFORE NEW CONTRIBUTIONS		AFTER NEW CONTRIBUTIONS		DIFFERENCE	PENSION SUN	MARY	
"Total Income"	£O	"Total Income"	£O	£O	Relevant Earnings	£O	
Adjusted Net Income	£O	Adjusted Net Income	£O	£O	Contributions: Existing	£O	
Personal Allowance	£12,570	Personal Allowance	£12,570	£O	New	£O	
Personal Savings Allowance	£O	Personal Savings Allowance	£O	£O	Total	£O	
Child Benefit Charge	£O	Child Benefit Charge	£O	£O	_		
Capital Gains Tax	£O	Capital Gains Tax	£O	£O			
					Effective Rate		
Tax Liability	£O	Tax Liability	£O	£O	of	0.00%	
Tax Elability	E0	Tax Elability	EU	EU	Tax Relief	0.0076	
					(on new contributions)		
Bond Gains Summary		Bond Gains Summary					
Tax on gains	£O	Tax on gains	£O	£O			

£0

£0

£0

£O

£O

£0

£O

£O

Please navigate between workings and inputs

using the tabs at the bottom of the sheet.

Important Information

Onshore Tax Credit

Top slicing relief

"Bank Balance"

Liability

Before using this tool you should read the *Important information about this tool* and *I mportant information about the calculations* included on the "Home" tab. Hover over the red tags beside fields for further information.

Onshore Tax Credit

Top slicing relief

"Bank Balance"

Liability

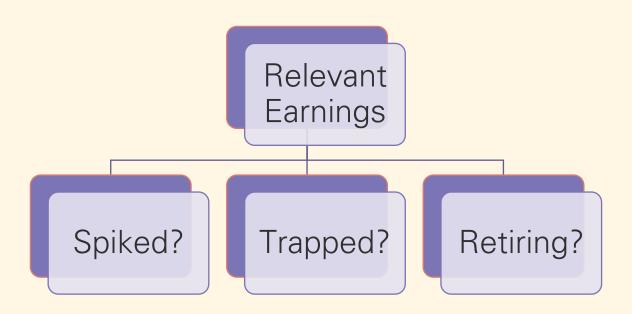
£O

£O

£O

£O

Relevant Planning

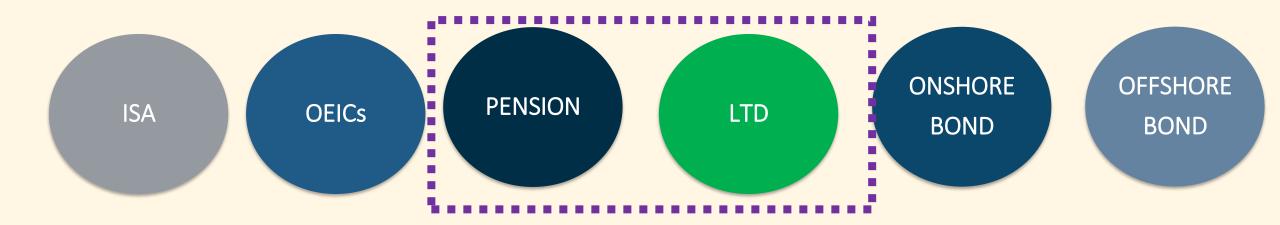


What matters? How much will it cost? How much will I get back? How long do I need to wait for it?

Free return?

Tax Status			Questions		Retu	Return Over	
Entry (tax relief)	Exit (tax on balance after PCLS)	How much did i spend?	How much did i get back	What's the return?	5 years	10 years	
20%	0%	£80.00	£100.00	25.00%	4.56%	2.26%	
20%	20%	£80.00	£85.00	6.25%	1.22%	0.61%	
30%	0%	£70.00	£100.00	42.86%	7.39%	3.63%	
30%	20%	£70.00	£85.00	21.43%	3.96%	1.96%	
40%	0%	£60.00	£100.00	66.67%	10.76%	5.24%	
40%	20%	£60.00	£85.00	41.67%	7.21%	3.54%	
40%	40%	£60.00	£70.00	16.67%	3.13%	1.55%	
45%	20%	£55.00	£85.00	54.55%	9.10%	4.45%	
45%	40%	£55.00	£70.00	27.27%	4.94%	2.44%	
45%	45%	£55.00	£66.00	20.45%	3.79%	1.88%	
60%	20%	£40.00	£85.00	112.50%	16.27%	7.83%	
60%	40%	£40.00	£70.00	75.00%	11.84%	5.76%	
60%	45%	£40.00	£66.25	65.63%	10.62%	5.18%	
70%	20%	£30.00	£85.00	183.33%	23.16%	10.98%	
70%	40%	£30.00	£70.00	133.33%	18.47%	8.84%	
70%	45%	£30.00	£66.25	120.83%	17.17%	8.24%	

Wrappers



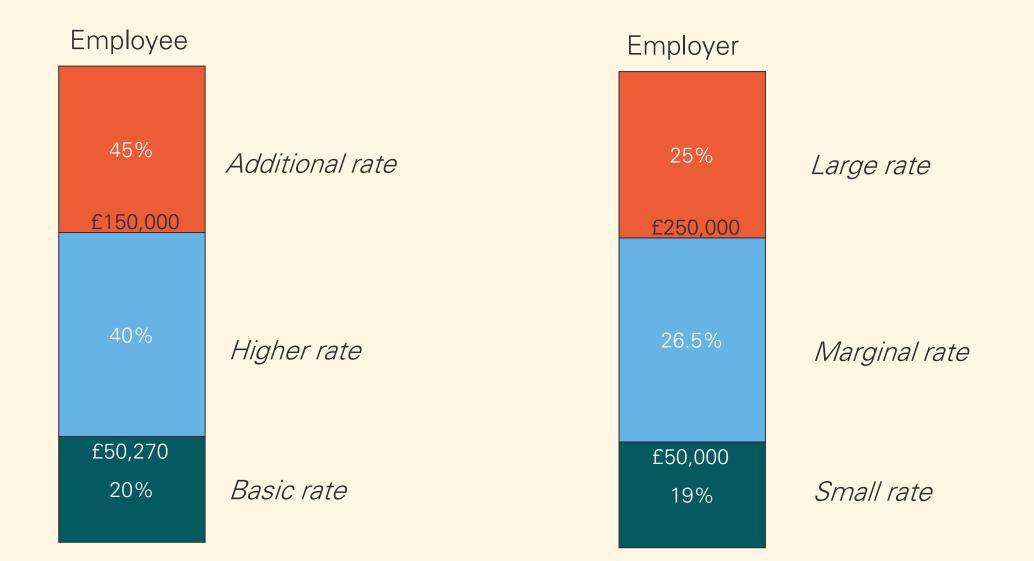
EMPLOYER TAX RELIEF

Employer tax relief

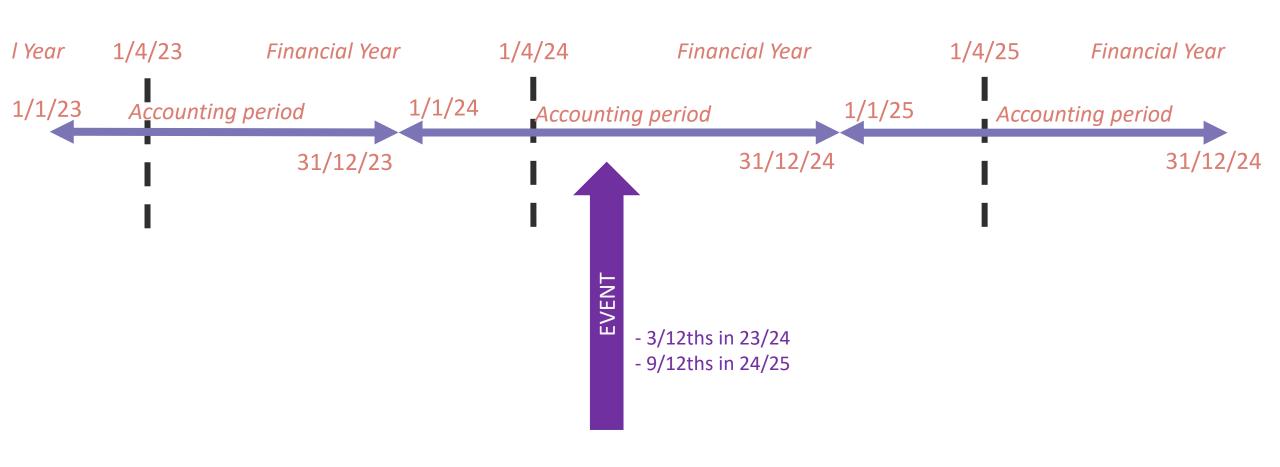
Profit		£130,000	£120,000
Corp Tax	25%	£32,500	25% £30,000
Marginal relief	£250,000		£250,000
	£130,000		£120,000
3/200	£120,000	£1,800	£130,000 £1,950
	Tax due	£30,700	Tax due £28,050
	Effective Rate	23.62%	Effective Rate 23.38%

£30,700 - £28,050 = £2,650 / £10,000 =**26.5%**

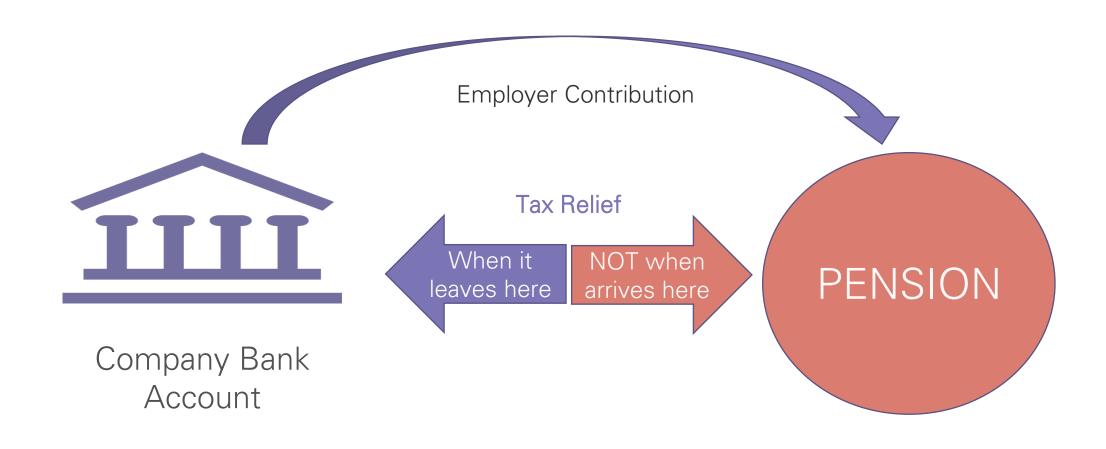
Tax Relief



The "years"



Corporation Tax Relief



Wholly and Exclusively

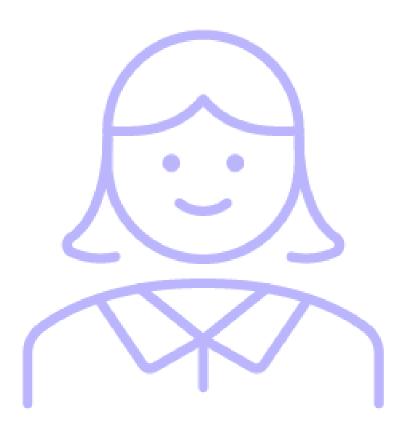
Will tax relief be granted for an employer contribution?

the same rules apply as for any other expense In particular, any contribution must be paid wholly and exclusively for the purposes of the trade for it to be deductible (ICTA88/S74 (1)
(a) for corporation tax and ITTOIA05/S34 for income tax)
it is important to emphasise that as part of the cost of employing staff pension, contributions will, prima facie, be allowable,
Whether there was a non-trade purpose for the payment will depend upon the facts of the individual case
One situation is where the level of the remuneration package is excessive for the value of the work undertaken
accept that the contributions are paid wholly & exclusively where the remuneration package paid in respect of a director of a close company, or an employee who is a close relative or
friend of the director or proprietor (where the business is unincorporated) is comparable with that paid to unconnected employees performing duties of similar value

Answer - Probably! Sort it out with the accountant.

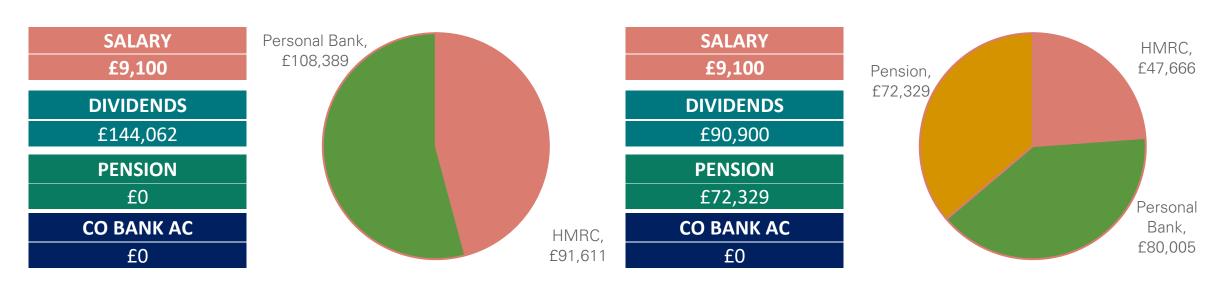
MARY

There's something about her...



- Late 30s
- IT contractor, through limited company
- Contracts around £200,000 p.a.
- Married to Ted, who is self employed
- She's the main breadwinner
- 1 young child, 5 years
- Her company has been making £5,000 p.a.
 pension contributions to her SIPP for the last 5
 years. She transferred £30,000 into her SIPP from
 an old GPP she had with a previous employer.

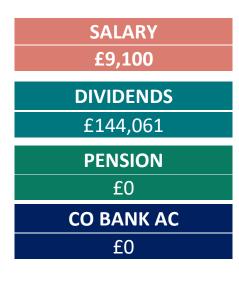
£200,000 - Decisions, decisions...

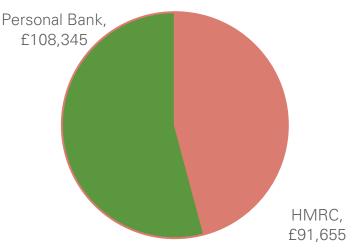


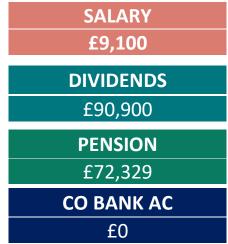
- Tax inefficient extraction high tax (c46%)
- Significant cash for living expenses.
- No funds retained future dividend source
- Additional rate tax liability
- Lost personal allowance
- Child benefit charge to pay
- Annual Allowance lost
- No pension provision

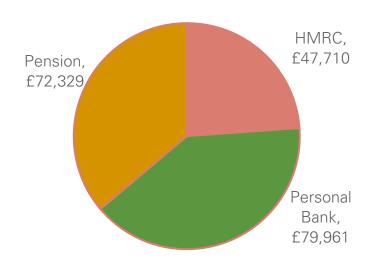
- Reduced taxation (c24%)
- Less cash for living expenses
- No funds retained future dividend source
- No additional rate tax liability
- Personal allowance retained
- Child benefit charge to pay
- Some Annual Allowance used
- Pension provision made

£200,000 - Decisions, decisions...











116% return!

Extracting Company Profits Tool

Tax Year 2024/25

RESET

built by M&G

				Short Summary				
Pre change position		Gross value of individuals pension of	ontributions		Pre Change	After change	Difference	
Scottish Tax Payer	No	Paid gross e.g.OPS, RACs, AVCs	£0		r ro chango	Antor change	Billerenes	
				Individual Bank Account	£108,345	£79,960	-£28,385 -26%	
Available Profits	£200,000	Relief at Source e.g PP,GPP	£0	Company Bank Account	£1	£1	£0 37%	
0.1 0.1	00.400			Pension Contributions	£0	£72,329	£72,329 Infinite Increase	
Salary Paid	£9,100			HMRC total take	£91,655	£47,710	-£43,945 -48%	
Dividends Paid	£144,061	Employer Contributions	£0	Detailed View				
					Pre Change	After change	Difference	
Channe (far	direction (Individual				
Change (use a - for re	ductions)			Salary	£9,100	£9,100	£0 No change	
				Plus Dividend received	£144,061	£90,899	-£53,162 -37%	
Salary Paid	£0	Paid gross e.g.OPS, RACs, AVCs	£0	Less Income Tax	£44,816	£20,039	-£24,777 -55%	
				Less National Insurance	£0	£0	£0 No change	
Dividends Paid	-£53,162	Relief at Source e.g PP,GPP	£0	Less Contributions gross	£0	£0	£0 No change	
				Net Income	£108,345	£79,960	-£28,385 -26%	
				Less Contributions paid net	£0	£0	£0 No change	
			070 000	Cash remaining	£108,345	£79,960	-£28,385 -26%	
		Employer Contributions	£72,329	Employer				
After change				Employer				
_				Available Profits	£200,000	£200,000	£0 No change	
Salary	£9,100	Paid gross e.g.OPS, RACs, AVCs	£0	Less Dividend Paid	£144,061	£90,899	-£53,162 -37%	
				Less Employer Pension Contribution		£72,329	£72,329 Infinite Increase	
Dividends	£90,899	Relief at Source e.g PP,GPP	£0	Less Corporation Tax	£46,839	£27,671	-£19,167 -41%	
				Less Salary Paid	£9,100	£9,100	£0 No change	
		Employer Contributions	£72,329	Less Employers National Insurance		£0	£0 No change	
				Profit remaining	£1	£1	£0 37%	
Assumed rate of tax	on pension income	20% Reduction in individuals bank account	£28,385					
		Increase in pension provision	£72,329	Pension Contributions	£0	£72,329	£72,329 Infinite Increase	
		Amount after PCLS and tax	£61,480					
		"Return" on bank account reduction	116.60%					

This tool will enable you to sit with a client and discuss the different options that they have for extracting profits from their business. You can input a client's current remuneration structure and highlight the difference adjusting this structure can benefit them and possibly mitigate the tax and national insurance payable to HMRC.

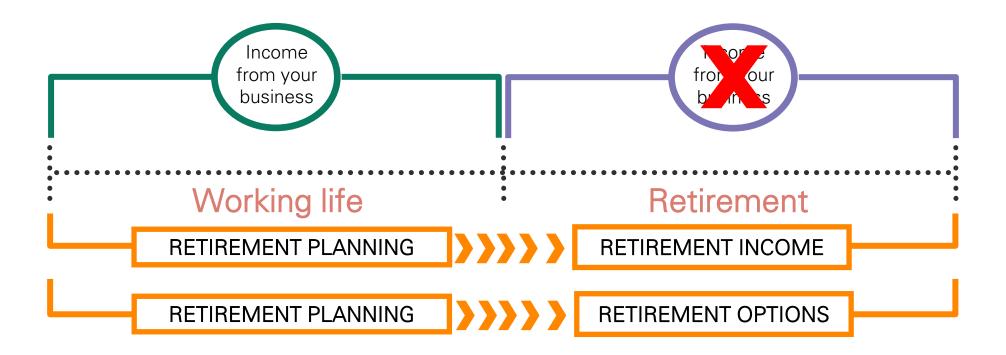
The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which is subject to change without notice. Every care has been taken as to its accuracy, but it must be appreciated that neither M&G nor its representatives can accept any responsibility for loss, however caused, suffered by any person who has acted or refrained from acting as a result of material contained in this calculator.

Please note that the tool uses Category A National Insurance. Any employment allowance which may be available is not taken into account. The employment allowance is not available for sole owner/directors.

Please note, this tool will cease to operate at the end of the tax year displayed above.

Tax legislation states that that the personal allowance may be deducted in the way which will result in the greatest reduction in the taxpayer's liability to income tax. The calculator however proceeds on the basis that it is offset firstly against non-savings income, then savings income and then dividend income. In particular circumstances, a different order may produce a more beneficial result for the individual.

The challenge



THE POWER OF THE PENSION

Some short case studies



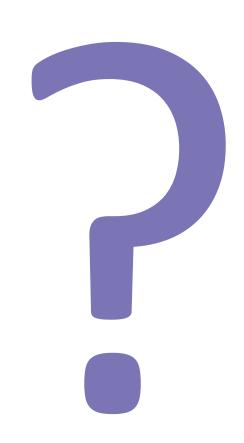
Rather not leave cash...?

Would you rather have ...

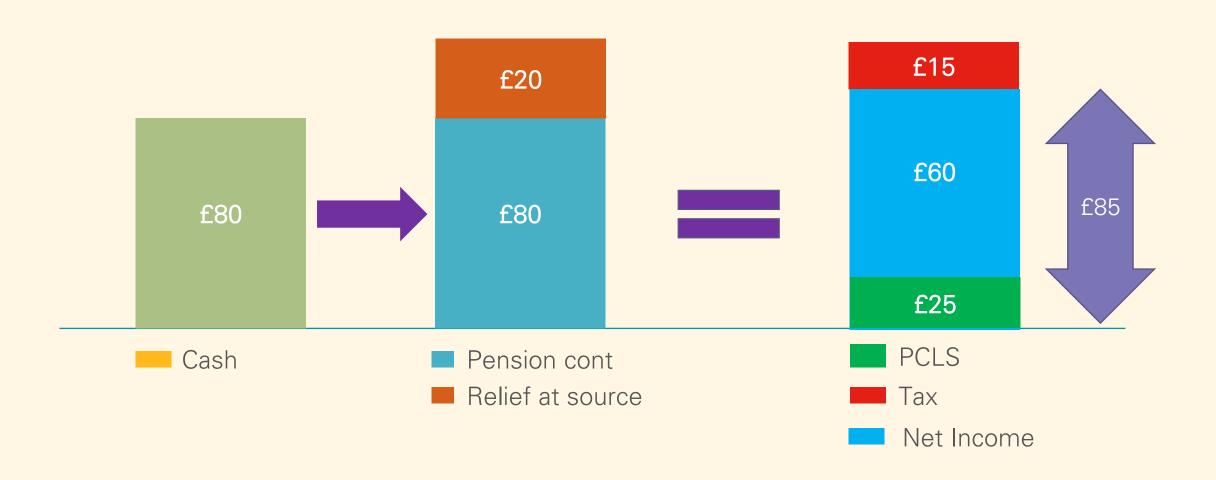
a) 100% of £80?

or

b) 85% of £100?



100% of £80 or 85% of £100?





... I don't need access to my money until I retire ...

...Would you like to be a basic rate taxpayer until you retire?

Cash to pension cash...

Year	Tax Status	Cash	Pension Pot	Disposable Income*
0	Higher	£50,000	£0	£0
1	Basic	£40,000	£12,500	£2,500
2	Basic	£30,000	£25,000	£2,500
3	Basic	£20,000	£37,500	£2,500
4	Basic	£10,000	£50,000	£2,500
5	Basic	£0	£62,500	£2,500

Result			
Net 20%	£12,500	£53,125	£65,625
Net 40%	£12,500	£43,750	£56,250

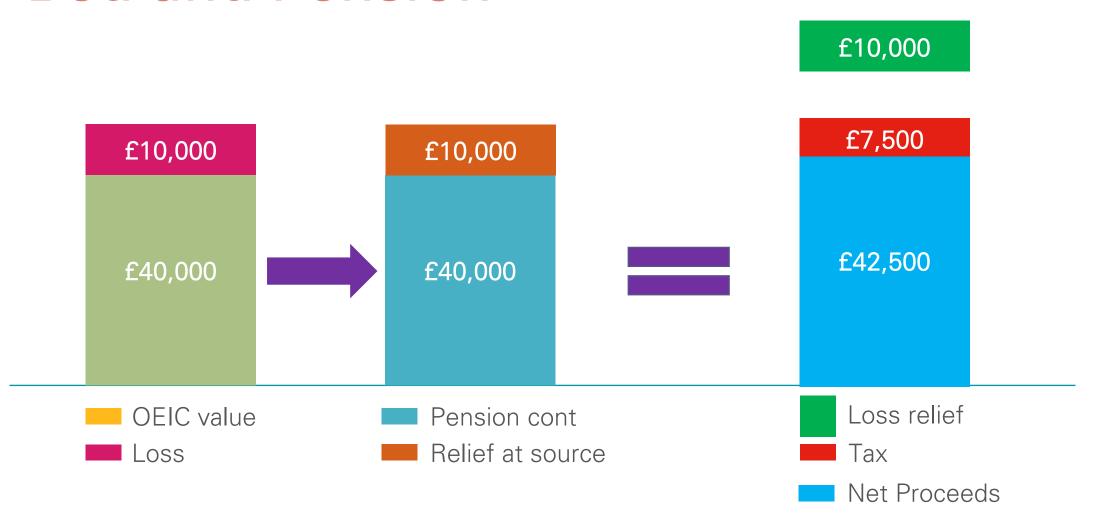
^{*} Represents higher rate tax relief reclaimable



... we've had some investment losses ...

... would you like to recoup those losses overnight?

Bed and Pension





... I'm not giving them any money they'll squander it ...

Pensions for others



 $(1,200 + 750 + 750) \div 3,000 = 90\%$ "family tax relief"



... I've got too much income and I really don't need it ...

NEOOI

Caroline
Surplus income
£1,000
per month

5% growth, net of charges paid monthly in advance

Investment value £155,929

Rachel and Ben £93,557

HMRC Inheritance Tax f62.372

10 Years

Caroline £500 per month into Rachel and Ben's pensions Children's pension contributions

Rachel £1,500

Ben £1,500 Pensions value £194,912

(£165,675 net BRT)

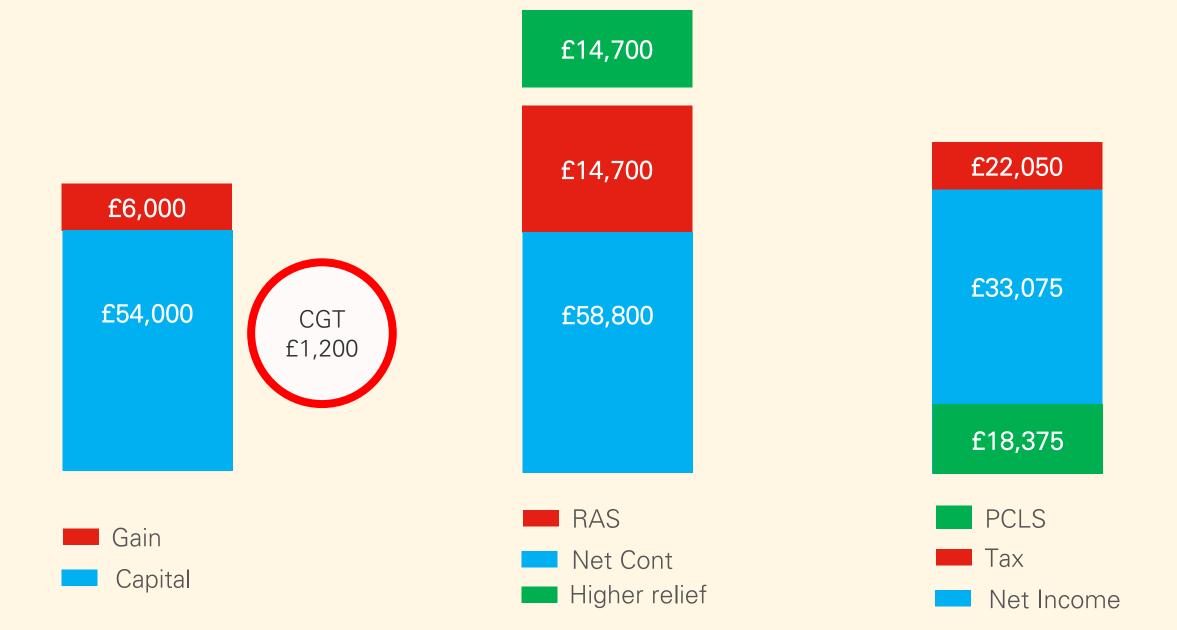
HMRC Inheritance Tax £0



... trapped in a GIA and paying too much tax ...

...Why not pay some CGT?...

Pay some CGT?



Pay some CGT?

Overall Benefit

GIA Pension

Net proceeds £58,800

Net Pension £51,450 Tax Reclaim £14,700 Total £66,150

Difference £7,350 - 12.5%

Tax Relief Modeller Tool

Tax Year 2024/25

ABOUT YOUR CL	LIENT	11	CHARG	EABLE EVENTS - BOND	GAINS	
What is the client's age?	Under 75	Onshore Gain 1		Years Gain 1 (N)	Slice 1	
		Onshore Gain 2		Years Gain 2 (N)	Slice 2	
Scottish Tax Payer?	No	Onshore Gain 3		Years Gain 3 (N)	Slice 3	
		Onshore Gain 4		Years Gain 4 (N)	Slice 4	
Number of Children		Offshore Gain 1		Years Gain 1 (N)	Slice 1	
Gift Aid (Gross amt)		Offshore Gain 2		Years Gain 2 (N)	Slice 2	
,,		Offshore Gain 3		Years Gain 3 (N)	Slice 3	
		Offshore Gain 4		Years Gain 4 (N)	Slice 4	
	INCOMES	DURCES		EXISTING PEN	SION CONTRIBUTIONS	
Employment Income		Gross Savings Interest		Relief at Source (Net	Amount)	R
Benefits in Kind		Dividends		Contributions paid g		E
Taxable Self Employed Profits		Non Residential Capital Gains		_		
UFPLS (taxable element)		Residential Capital Gains		NEW PENSI	ON CONTRIBUTIONS	S
Drawdown / Annuity Income		Taxable Redundancy Payment		1		E
State Pension Income				T	The second secon	_
state rension income		Rental Income - Relevant		Relief at Source (Net	Amount)	т т
		Rental Income - Relevant Rental Income - Not relevant		Relief at Source (Net Contributions paid g		Т
				- II		Т
	RIBUTIONS		BUTIONS	- II		T
Purchased Life Annuity Income BEFORE NEW CONTR	RIBUTIONS £0	Rental Income - Not relevant	BUTIONS £0	Contributions paid g	ross	
Purchased Life Annuity Income BEFORE NEW CONTR		Rental Income - Not relevant AFTER NEW CONTRI	,	Contributions paid g DIFFERENCE	PENSION SUM	£
BEFORE NEW CONTR "Total Income" Adjusted Net Income	£O	AFTER NEW CONTRI	£0	DIFFERENCE	PENSION SUM Relevant Earnings	£
BEFORE NEW CONTR "Total Income" Adjusted Net Income Personal Allowance	£0	AFTER NEW CONTRI "Total Income" Adjusted Net Income	£0	DIFFERENCE £0 £0	PENSION SUM Relevant Earnings Contributions: Existing	£: £:
BEFORE NEW CONTR "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance	£0 £0 £12,570	AFTER NEW CONTRI "Total Income" Adjusted Net Income Personal Allowance	£0 £0 £12,570	DIFFERENCE £0 £0 £0	PENSION SUM Relevant Earnings Contributions: Existing New	£: £:
BEFORE NEW CONTR "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge	£0 £0 £12,570 £0	AFTER NEW CONTRI "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance	£0 £0 £12,570 £0	DIFFERENCE £0 £0 £0 £0 £0	PENSION SUM Relevant Earnings Contributions: Existing New Total	£: £:
BEFORE NEW CONTR "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax	£0 £0 £12,570 £0 £0	AFTER NEW CONTRI "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax	£0 £0 £12,570 £0 £0	EO E	PENSION SUM Relevant Earnings Contributions: Existing New	£(£(£(
BEFORE NEW CONTR "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax	£0 £0 £12,570 £0 £0	AFTER NEW CONTRI "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge	£0 £0 £12,570 £0 £0	DIFFERENCE £0 £0 £0 £0 £0 £0 £0 £0	PENSION SUM Relevant Earnings Contributions: Existing New Total Effective Rate	£: £:
BEFORE NEW CONTR "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax	£0 £0 £12,570 £0 £0	AFTER NEW CONTRI "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax	£0 £0 £12,570 £0 £0	EO E	PENSION SUM Relevant Earnings Contributions: Existing New Total Effective Rate of	£(£(£(
BEFORE NEW CONTR "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax Tax Liability Bond Gains Summary	£0 £0 £12,570 £0 £0	AFTER NEW CONTRI "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax Tax Liability	£0 £0 £12,570 £0 £0	EO E	PENSION SUM Relevant Earnings Contributions: Existing New Total Effective Rate of Tax Relief	£(
Purchased Life Annuity Income	£0 £12,570 £0 £0 £0	AFTER NEW CONTRI "Total Income" Adjusted Net Income Personal Allowance Personal Savings Allowance Child Benefit Charge Capital Gains Tax Tax Liability Bond Gains Summary	£0 £0 £12,570 £0 £0 £0	EO £0 £0 £0 £0 £0 £0 £0 £0 £0	PENSION SUM Relevant Earnings Contributions: Existing New Total Effective Rate of Tax Relief	£ £ £ 0.00%

£0

£0

Important Information

"Bank Balance"

Liability

Before using this tool you should read the Important information about this tool and I mportant information about the calculations included on the "Home" tab.

Hover over the red tags beside fields for further information.

Liability

"Bank Balance"

What's the record?

Tax Relief Modeller Tool

built by M&G

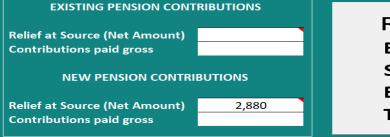
ABOUT YOUR CLIENT						
What is the client's age?	Under 75					
Scottish Tax Payer?	No					
Number of Children						
Gift Aid (Gross amt)						

	CHARGE	ABLE EVENTS - BOND (SAINS		
Onshore Gain 1	250,000	Years Gain 1 (N)	37	Slice 1	6,757
Onshore Gain 2		Years Gain 2 (N)		Slice 2	
Onshore Gain 3		Years Gain 3 (N)		Slice 3	
Onshore Gain 4		Years Gain 4 (N)		Slice 4	
Offshore Gain 1		Years Gain 1 (N)		Slice 1	
Offshore Gain 2		Years Gain 2 (N)		Slice 2	
Offshore Gain 3		Years Gain 3 (N)		Slice 3	
Offshore Gain 4		Years Gain 4 (N)		Slice 4	

Employment Income Benefits in Kind Taxable Self Employed Profits UFPLS (taxable element) **Drawdown / Annuity Income State Pension Income** 8,000 **Purchased Life Annuity Income**

INCOME SOURCES





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BEFORE NEW CONTRIBUTIONS		AFTER NEW CONTE	RIBUTIONS	DIFFERENCE	PENSION SUMMARY		
"Total Income"	£296,000	"Total Income"	£296,000	£O	Relevant Earnings	£0	
Adjusted Net Income	£296,000	Adjusted Net Income	£292,400	-£3,600	Contributions: Existing	£0	
Personal Allowance	£O	Personal Allowance	£O	£0	New	£3,600	
Personal Savings Allowance	£O	Personal Savings Allowance	£O	£O	Total	£3,600	
Child Benefit Charge	£O	Child Benefit Charge	£O	£0			
Capital Gains Tax	£0	Capital Gains Tax	£0	£O	Effective Rate		
Tax Liability	£29,262	Tax Liability	£10,140	-£19,122	of Tax Relief (on new contributions)	551.17%	
Bond Gains Summary		Bond Gains Summary			(on new contributions)		
Tax on gains	£107,300	Tax on gains	£107,120	£180			
Onshore Tax Credit	£50,000	Onshore Tax Credit	£50,000	£0	Please navigate between work	rings and inputs using the	
Top slicing relief	£38,898	Top slicing relief	£57,120	£18,222	tabs at the bottom	of the sheet.	
Liability	£18,402	Liability	£0	-£18,402			
"Bank Balance"	£266,738	"Bank Balance"	£282,980	£16,242			

Where do you want your slice?

EXISTING POSITION

NEW POSITION

	Taxation of full gain	250,000				Taxa
					Tax	
	Personal Allowance	0	@	0%	0	Perso
	Starting Rate	0	@	0%	0	Start
	Personal Savings Allowance	0	@	0%	0	Perso
Step 1	Basic Rate	0		20%	0	Basic
	Higher Rate	104,000	@	40%	41,600	High
	Additional Rate	146,000	@	45%	65,700	Addit
			107,300			
Cton 2		Tax Cre	dit		50,000	
Step 2	Relieved		£57,300			

Taxation of full gain	250,000			
				Tax
Personal Allowance	0	@	0%	0
Starting Rate	0	@	0%	0
Personal Savings Allowance	0	@	0%	0
Basic Rate	0	0	20%	0
Higher Rate	107,600	@	40%	43040
Additional Rate	142,400	@	45%	64080
	Total Liabili	ity		107120
	Tax Cred	dit		50000
Relieved	Relieved liability on gain			

Step 3	Taxation of slice	6,757					Taxation of slice
			•		Tax		
	Personal Allowance	0	@	0%	0	7	Personal Allowance
	Starting Rate	0	@	0%	0]	Starting Rate
			_				
	Basic Rate	4,270	0	20%	854		Basic Rate
	Higher Rate	2,487	@	40%	995		Higher Rate
Step 4	Additional Rate	0	(0)	45%	0		Additional Rate
		Total Liabili	ty		1,849		
		Tax Cred			1,351		
	Relieve	Relieved Liability on Slice			£497		
	Derived years (N Relieved Liability on Slice x N				37.00		
					£18,402	7	Reliev

Taxation of slice 6,757				
				Tax
Personal Allowance	0	@	0%	0
Starting Rate	0	@	0%	0
Basic Rate	6,757	@	20%	1351
Higher Rate	0	@	40%	0
Additional Rate	U	<u>@</u>	45%	0
	Total Liabili	ty		1351
	Tax Cred	lit		1351
Relieve		£0		
	Derived years (N)		37.00
Relieved Liabi	lity on Slice x	N		£0

	Top Slicing Relief				Top Slicing Relief			
		Relieved liability on full gain	57300	a		Relieved liability on full gain	57120	a
Step		Relieved Liability on Slice x N	18402	b		Relieved Liability on Slice x N	0	b
		Top Slice Relief (a-b)	£38,898			Top Slice Relief (a-b)	£57,120	

Learning Objectives

By the end of this session, you will be able to:

Describe the operation of tax relief for individuals and third parties

Describe the tax relief for employer pension contributions, with a focus on limited companies

Identify circumstances
where a pension
contribution can produce
greater returns for
clients

QUESTION TIME



Thanks for your time

Get in touch with your usual contact if you need further help.



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