

Claiming higher rate tax relief

A guide for members in the ALSTOM Ltd Group Personal Pension Plan with Aviva ('the Plan') who pay a higher rate of tax and are not taking part in a Salary Sacrifice arrangement for their pension contributions.

Why is this guide being sent to everyone?

This guide is being sent to all members of the Plan:

1. to ensure that all members receive the same message as their colleagues; and
2. because members may have other income which Alstom is not aware of, for example from previous employment or other sources which might impact on the tax calculations.

Why is the guide being issued now?

The Plan was set up in July 2012 and for employees who were members of the previous Alstom Defined Contribution Plan, there is a change to the way tax relief is granted on pension contributions. It is important that those members who pay a higher rate of tax and who do not participate in salary sacrifice take action to claim back tax relief on their pension contributions. If you are an Alstom Grid employee who previously participated in the Alstom Grid Group Personal Pension Plan with Prudential then you also need to take action to claim back higher rate tax relief if you have not already done so. Claims for previous years can also be made so it is important not to miss out on your tax relief. This guide is relevant to members of Group or Personal Pension Plans only, as members of occupational trust schemes, such as the Alstom Defined Contribution Plan, have already benefited from higher rate tax relief.

Tax relief on your pension contributions is one of the great advantages of saving through a pension plan.

You automatically receive basic rate tax relief on your contributions (for the 2013/14 tax year this is 20%). Aviva collects this for you from HM Revenue & Customs (HMRC) and adds it to your individual account in the Plan. The effect is to increase your contribution by 25% as the Government adds £20 to every £80 you put in.

If you pay a higher rate of tax, taking part in a Salary Sacrifice arrangement for your pension contributions means you will get immediate higher rate tax relief on your contributions and there is no action for you to take unless you have paid contributions to a Group or Personal Pension Plan on a non-salary sacrifice basis (eg as a member of the Alstom Grid Group Personal Plan with Prudential).

If you are not taking part in a Salary Sacrifice arrangement, you remain entitled to higher rate tax relief. However, this will not happen automatically. You will have to take action to get it. A link to further details on salary sacrifice can be found at the end of this document.

This guide explains what you need to do.

This higher rate tax guide covers personal pension plans. It is not applicable to other types of pension scheme or plan.

The higher rate tax relief you can claim

Citywire, an on-line personal finance website, reported in July 2012 that 60% of higher rate taxpayers do not claim the full extra tax relief they are entitled to receive.

The extra tax relief you can claim depends on your tax rate. The table below shows the tax relief available for the 2012/13 tax year.

If you pay tax at:	You're entitled to higher rate tax relief on your contributions of:	The extra tax relief you could receive on top of your basic relief is:
40%	40%	20%
50% (See Note below)	50%	30%

Note: Starting from the 2013/14 tax year, the maximum amount of tax relief will go down from 50% to 45%.

You can currently claim tax relief on your pension contributions of up to £50,000 in each tax year or 100% of your earnings in the relevant tax year if this is a lower amount. (From the 2014/15 tax year, the maximum amount on which you can claim tax relief goes down to £40,000.)

Strictly speaking, tax at 40% is known as higher rate tax and tax at 50% as additional rate tax. However, to keep things simple we have called them both higher rate tax but given both figures.

Please note also that if you claim for previous years, the amount you are entitled to for each year will be affected by your total income, your total pension contributions, and the tax relief percentage in each year for which you claim.

HMRC has allowed, in the past, for you to claim up to six years of any tax relief you may have missed out on while making contributions to a group or personal pension plan. However this has changed and the number of years claimable currently depends on whether or not you have completed a tax return. (In addition, the maximum claimable period will be reduced to four years by 2015 – another reason for acting now if you have not already done so.) Further details can be found on the HMRC's website by following this link:

<http://www.hmrc.gov.uk/incometax/relief-pension.htm>

We are aware that some employees will have paid into the Alstom Grid Group Personal Pension Plan with Prudential. If you are a higher rate tax payer and haven't already done so you will need to take action to claim back the tax relief from previous years.

We explain how at the end of this guide.

How to claim your higher rate tax relief

If you pay tax at 40% you can claim your higher rate relief in one of two ways

- You can complete the relevant section of your Self Assessment tax return.
- Or, you can write to your tax office.

If you pay tax at 50%, you can only claim through your Self Assessment tax return.

1. Completing the relevant section of your Self Assessment tax return

Remember to enter your gross pension contributions in the relevant box. (This is the amount you have paid into your individual account in your Plan in the previous tax year plus basic rate tax relief.) This is very important, because HMRC use your gross pension contributions to work out the amount of higher rate tax relief you are entitled to.

The easiest way to find this figure out is by contacting Aviva and asking them to provide you with a Personal Pension Contribution Certificate. (See 'Finding out more' on page 5.)

Alternatively you could work out the gross figure yourself.

Working out the gross figure is easy. Simply add 25% to your total contribution paid in the tax year to the Group or Personal Pension Plan.

For instance, if you paid £800 into your Group or Personal Pension Plan for the tax year 2012/2013. You should enter £1,000 (25% x £800 + £800), which is your net payment plus the tax relief of £200 (£1,000 at 20%).

Remember: Do not include any additional pension contributions your employer has made, as you are only entitled to tax relief on your Group or Personal Pension Plan contributions.

If you enter your net contributions (your contributions without basic rate tax relief added), HMRC will assume you have given the gross figure, and you will not receive all the higher rate tax relief you are entitled to receive.

You can find details of your pension contributions paid to the Plan on your Aviva or your Prudential annual benefit statement.

You should not take the figure from your payslip if you have been a member of the previous Alstom Defined



Contribution Plan. This is because the total pension contribution figure shown will include contributions paid to the previous Alstom Defined Contribution Plan and tax relief has already been given on this element.

You can also find this information on Pension Tracker on Aviva's website at www.aviva.co.uk/pensions-and-retirement/pension-tracker. This contains details of your regular contributions, including the amount of basic rate tax relief that has been added.

To register for Pensions Tracker, go to www.aviva.co.uk/controlyourpension and click on 'Log in or Register now'. Enter the details as requested on the sections for My Personal Details, My Policy Details and My Online Account and follow the instructions to complete registration. Once you have registered you can login directly each time at www.avivacustomer.co.uk/site/public/login

Do not include any additional pension contributions your employer has made, as you are only entitled to tax relief on your contributions.

If you claim through your Self Assessment tax return

You will receive your higher rate tax relief:

- as a rebate at the end of the tax year, or
- as a reduction in your tax liability, or
- through a change to your tax code.

2. Writing to your tax office

If you pay higher rate tax at 40% and would rather not wait until you complete your Self Assessment tax return, you can claim back higher rate tax relief at any time in the tax year by writing to your HMRC tax office to ask them to adjust your tax code.

This method of claiming your higher rate relief is likely to be most suitable if your contributions remain at a constant level throughout the tax year. This is because if you're likely to change your contribution level, perhaps because your Pensionable Earnings fluctuate, or make single contributions, remember, you would need to contact your tax office each time to get your tax code amended to the correct level. (It is worth bearing in mind, though, that after your first claim you could make subsequent claims by telephone.) **If you do not do this then HMRC will assume your contributions remain at the same level until you inform the tax office of a change, which may mean that you receive too much or too little tax relief.**

The tax office contact details for Alstom employees are as follows:

HMRC
Birmingham Solihull Area
City Centre House
30 Union Street
Birmingham
B2 4AE

Telephone Number – 0845 300 0627
PAYE Ref 068/G40000

We have included a letter template you can use at the back of this guide. This template is also available on the Alstom pension website at www.pensions.uk.alstom.com

If you claim by writing to your tax office

You will receive your higher rate tax relief:

- through a change to your tax code.

Proof of contributions

However you claim, at some stage HMRC may ask you to provide proof of the contributions you have paid into your individual account in your Plan. The benefit statement that Aviva send you each year should be sufficient for this purpose. You can also obtain a statement at any time by logging onto Pensions Tracker on Aviva's website.

How to claim higher rate tax relief for previous tax years

As explained on page 2, you can currently also claim up to six years of any tax relief you may have missed out on while making contributions to a group or personal pension plan (eg the Alstom Grid Group Personal Pension Plan with Prudential). For other types of pension scheme, such as an occupational trust scheme eg the previous Alstom Defined Contribution Plan, you will have already benefited from higher rate tax relief.

To claim, please write to your local tax office. You will need to include your bank details so HMRC can pay you any outstanding higher rate relief. Template 2 at the back of this guide lists the information required. (This template is also available on the Alstom pension website.) However, we suggest you telephone HMRC on 0845 900 0444 before you send your letter, to make absolutely sure you have included everything they need.

Remember that the number of years you can claim for will depend on whether or not you have completed a tax return and that by 2015, you will only be able to claim up to four years of any tax relief you may have missed – another reason for acting now if you haven't already done so.

Finding out more

Alstom has set up a dedicated helpline with Aon Hewitt, Alstom's professional adviser, who has been appointed to help answer any questions that you may have about how to claim higher rate tax relief. (Aon Hewitt Limited is authorised and regulated by the Financial Conduct Authority). The helpline is open for 6 weeks from 20 May 2013 to 28 June 2013.

The contact details are Phone 0845 026 7012 (9am to 5pm Mon-Fri) or Email – alstom.helpline@aonhewitt.com

If you have questions about how much you have paid to the ALSTOM Ltd Group Personal Pension Plan, then you can contact Aviva by Phone – 0800 260 0386 (9am to 5pm, Mon-Fri) or by Email – alstom@aviva.co.uk

If you have questions about how much you have paid to the Alstom Grid Group Personal Pension Plan with Prudential, then you can contact Prudential by Phone – 0845 075 2244 (9am to 5pm, Mon-Fri) or by Email via Prudential's website – http://www.pru.co.uk/contact_us/prumail

Alternatively you may wish to speak to HMRC on 0845 900 0444 or speak to an Independent Financial Adviser (IFA). You can find details of IFAs in your area online at www.unbiased.co.uk. It is important to check that whoever advises you on financial services and products is qualified and authorised to do so. You can check this on the Financial Conduct Authority website at www.fca.org.uk (click the link called 'Financial Services Register') or phone their consumer helpline on 0800 111 6768. Please remember that you may have to pay for any advice that you receive.

Salary sacrifice

If you wish to avoid having to claim back higher rate tax relief through HMRC, you may wish to pay pension contributions through salary sacrifice; the earliest date that you can switch to salary sacrifice is April 2014.

For general information about salary sacrifice arrangements:

Visit the Alstom pension website at www.pensions.uk.alstom.com

This guide is intended as a summary of the provision of claiming higher rate tax relief and does not contain the details in full. Where statements are made in this guide relating to legislative or tax issues, those statements are based on the Company's adviser, Aon Hewitt's, understanding of these issues as at the date of this guide. These statements are subject to changes in legislation and to changes in HMRC practice. You should seek appropriate financial advice if you are unsure of any aspect.

Template 1: Letter to your local tax office, to claim higher rate tax relief

HMRC
Birmingham Solihull Area
City Centre House
30 Union Street
Birmingham
B2 4AE

PAYE Ref 068/G40000

Date of letter:

Dear HM Revenue and Customs,

Higher rate tax relief on my pension contributions to the [name of your employer's scheme] Group Pension Plan

I am writing to claim higher rate tax relief on my contributions. Please amend my tax code using the details below, and let me know when you have done so.

My details are as follows:

Name [Mr/Mrs/Ms, initials and surname]:

Home address:

National insurance number:

Telephone number (in case your tax office wants to call you):

Date I started paying into the XYZ pension scheme through my employer:

My monthly contribution: £x.x gross

(This is my personal contribution with basic rate tax added. I have not included any additional contribution from my employer.)

I expect my total contributions for this tax year, ending on 5 April 201X, to be: £x.x gross

I look forward to hearing from you.

Yours faithfully,

Signature

Name

Template 2: Letter to your local tax office to claim higher rate tax relief for previous years.

HMRC
Birmingham Solihull Area
City Centre House
30 Union Street
Birmingham
B2 4AE

PAYE Ref 068/G40000

Date of letter:

Dear HM Revenue and Customs,

Higher rate tax relief on my pension contributions for previous years

I am writing to claim higher rate tax relief on my pension contributions for previous years when I was entitled to claim but did not do so. My details are as follows:

Name [Mr/Mrs/Ms, initials and surname]:

Home address:

National insurance number:

Telephone number (in case your tax office wants to call you):

Name of employer's pension scheme	Membership start date and membership end date	Monthly gross contribution *	Yearly gross contribution *	My gross income
				£XX,XXX for tax year ending 5/4/XX

* This is my contribution plus basic rate tax relief. I have not included any additional contribution from my employer.

My gross income in each of the tax years for which I am claiming:

The amount of income tax I paid in each of the tax years for which I am claiming:

My bank account details so you can pay me any backdated higher rate tax relief I was entitled to:

Name of bank	Address	Sort code	Account number

I look forward to hearing from you.

Yours faithfully,

Signature

Name

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