

Example

Individual with no 2014 pension contributions has a 2014 tax liability of €25,000 against which he has a payment on account of €20,000 (preliminary tax paid in October 2013).

The chart below illustrates the tax saving should he make a pension contribution now of €10,000 to be included against his 2014 income.

	Total Cash flow	Pension Contributions Self	2014 Balance of tax due	2015 PT Payment required	Total Due to Revenue
	€	€	€	€	
Option 1: No Further Contributions	25,000	0	5,000	20,000	25,000
Option 2: Max Contribution	26,800	10,000	900	15,900	16,800

By maximising your pension contribution in respect of the 2014 tax year, you save 41% on the qualifying contribution.

As you can see for an additional €1,800 you benefit from a pension investment of €10,000 reducing your payment to the Revenue by €8,200.

If you have any further queries, please contact us on imofs@imo.ie