FORM 790AA

Return under Section 790AA TCA 1997 (Income Tax deducted from excess lump sum in accordance with Section 790AA(3)(a)(i) or (3)(b)(i)(I) TCA 1997)

Return Address

Collector General's Division
Sarsfield House
Francis Street
Limerick
V94 R972

Use any envelope and write "Freepost" above the address

Please refer to the Notes and Examples overleaf before completing this form

COMPLETE IN BLOCK LETTERS

PART A

Name of Individual:

PPSN:

Address: (include Eircode)

PART B

(1) Type of pension arrangement, e.g. Defined Benefit or Defined Contribution occupational pension scheme (if a Defined Benefit scheme, indicate whether private or public sector scheme), PRSA, Retirement Annuity Contract, PEPP, etc.:

(2) Name of scheme:

(3) Name and address of administrator or PEPP provider: (include Eircode)

(4) Member number, scheme reference number or TIN number:

PART C

(1) Amount of lump sum: , , . 00

(2) Date of payment: (DD/MM/YYYY) / /

(3) Amount of excess lump sum (attach computation): , , . 00

(4) Amount of excess lump sum to which this return relates (see Notes): , , . 00

(5) Tax due on amount at (4): , , . 00

Payment of the tax due at (5) must be made via ROS / myAccount - see Notes

YOU MUST SIGN THIS DECLARATION

I DECLARE that, to the best of my knowledge and belief, all the particulars given on this form are correctly stated.

Signature

Date (DD/MM/YYYY) / /

Capacity of Signatory

Telephone

RPC017249_EN_WB_L_1

NOTES

Section 790AA Taxes Consolidation Act 1997 (TCA 1997) provides for the taxation of retirement lump sums paid above a tax-free amount under various pension arrangements.

As and from 1 January 2011, the maximum lifetime tax-free limit on retirement lump sums is €200,000. Where a lump sum (or lump sums) is paid on or after 1 January 2011 to an individual who, for example, retires on or after that date the amount in excess of this tax-free limit (the "excess lump sum") is subject to tax in two stages.

- The first portion of the excess lump sum, i.e. the portion between €200,000 and an amount equivalent to 25% of the standard fund threshold (SFT) when the lump sum is paid* (the SFT cut-off point) is chargeable to tax under Case IV of Schedule D in accordance with Section 790AA(3)(a)(i) or (3)(b)(i)(I) TCA 1997 at the standard rate of income tax in force when the retirement lump sum is paid, currently 20%. As this portion is effectively "ring-fenced", no reliefs, allowances or deductions may be set or made against it when computing the amount of tax to be deducted.[1]
  - That part of a retirement lump sum taxed under Case IV should be included on this form. (This is the amount that should be entered in Part C (4) of the Form.)
  - Note, however, that it should not be included on payroll submission returns.
- The second portion, if any, of the excess lump sum (i.e. the portion over the SFT cut-off point) is regarded as profits or gains arising from an office or employment and is charged to tax under the Schedule E basis of assessment at the individual's marginal rate.
  - That part of a retirement lump sum that is taxed under Schedule E should be included on pension administrator payroll returns but should not be included on this Form[2]. However, the amount entered at Part C (3) of this form, i.e. amount of lump sum less the lifetime taxfree limit of €200,000, will also include this portion.

Important – it should be noted that where an individual has already taken a retirement lump sum or lump sums on or after 7 December 2005 and before 1 January 2011, they must be taken into account in determining the tax-free amount appropriate to a retirement lump sum paid on or after 1 January 2011. This also includes lump sums from certain foreign pension arrangements which are paid on or after 1 January 2023. For example, if an individual has already taken retirement lump sums of €200,000 or more since 7 December 2005, any further retirement lump sums paid to the individual on or after 1 January 2011 will be taxable. These earlier lump sums will also count towards determining how much of a lump sum paid on or after 1 January 2011 is to be charged under Case IV at the standard rate or under Schedule E at the marginal rate. (See Examples 5 – 8 overleaf.)

Please note that the €200,000 tax-free amount is a lifetime limit and applies to a single lump sum or where an individual is in receipt of lump sums from more than one pension product, to the aggregate of those lump sums.

The administrator of a "relevant pension arrangement" who deducts tax from an excess lump sum in accordance with Section 790AA(3)(a)(i) or (3)(b)(i)(I) TCA 1997 must provide the information requested in this form to the Collector-General within three months of the end of the month in which the lump sum giving rise to the excess lump sum is paid.

Section 200A Taxes Consolidation Act 1997 (TCA 1997) provides rules for the treatment of lump sums from certain foreign pension arrangements which are paid on or after 1 January 2023. All such lump sums which are paid to a resident individual on or after 1 January 2023 count towards determining how much of the current lump sum paid is to be charged under Case IV at the standard rate or under Schedule E at the marginal rate.

*The SFT is €2m from 1 January 2014 and was €2.3m from 7 December 2010 to 31 December 2013. Therefore, the respective SFT cut-off points are €500,000 and €575,000 (i.e. 25% of the appropriate SFT).

1 However, under Section 787RA tax deducted on this portion of an excess lump sum may, in certain circumstances, be offset against chargeable excess tax due in accordance with Section 787R (see Form 787S (Income Tax due on chargeable excess) for additional information).

2 Tax deducted in respect of the portion of an excess lump sum taxed under Schedule E may not be offset against chargeable excess tax.

METHOD OF PAYMENT

Payment of the tax at Part C (5) of the Form must be made via ROS / my**Account**:

- Using your customer number go to the "My Services" page on the ROS homepage and click "Submit a Payment"
- Click "Tax Payment / Declaration" and select "Pension Tax"
- Click on "Chargeable Excess"
- Click "Make a Payment" and insert the relevant details
- Select your preferred payment option

A payment may consist of tax deducted in respect of a number of individuals and / or may include more than one type of pension tax. Provided the details are entered correctly during the online payment process, it is not necessary to provide details of amounts paid to the Large Cases – High Wealth Individuals Division, Pension Branch or to the Collector-General's Office.

As payments may be subject to a verification check or audit, you should retain all backup documentation and payment acknowledgements for a period of six years from the end of the tax year in which a payment is made.

A payment should be made under your customer number rather than the number that may have been issued for the payment of pension taxes. As these taxes are ring-fenced, there will be no interaction with any other tax liabilities or tax payments which appear under the customer number.

You should contact Large Cases – High Wealth Individuals Division, Financial Services (Pensions Branch), if a payment is made in error or where retirement lump sum tax is to be offset against chargeable excess tax. Retirement lump sum tax which is offset against chargeable excess tax must be paid over to Revenue within three months of the end of the month in which the lump sum is paid.

Further details of the online payment facility are available on **www.revenue.ie**

ENQUIRIES

Any enquiries regarding the tax liability on the chargeable excess to which this return relates should be submitted to Pensions Branch, Large Cases - High Wealth Individuals Division via MyEnquiries or lcdretirebens@revenue.ie.

Any enquiries regarding payment should be addressed to the Office of the Revenue Commissioners,
Office of the Revenue Commissioners,
Collector General's Division
Payment Accounting
Sarsfield House
Francis Street
Limerick
V94 R972
Ireland

Email: cgrospaymentsgroup@revenue.ie

Telephone: +353 1 738 3663

The following examples illustrate how the taxation of retirement lump sums works in practice.

Example 1

Alex retired on 10 January 2022 and is paid a retirement lump sum of €180,000. This is the first such lump sum they have received. Alex's retirement lump sum is exempt from tax as it is less than the tax-free limit of €200,000. They have, however, "used up" €180,000 of their lifetime tax-free limit.

Example 2

Alex is paid a further retirement lump sum of €150,000 on 30 June 2022. As the tax-free limit of €200,000 applies to the aggregate of all retirement lump sums received on or after 7 December 2005, Alex must aggregate both lump sums to determine how much of the second lump sum is subject to tax. The aggregate of the lump sums received since 7 December 2005 is €330,000 (€180,000 + €150,000) which exceeds the lifetime limit by €130,000. The "excess lump sum" of €130,000 is, therefore, subject to tax under Case IV at the standard rate for 2022, i.e. 20%.

As a portion of Alex's liability falls between €200,000 and €500,000, Form 790AA will need to be completed to account for the €130,000 excess lump sum. This should be submitted to the Collector General within three months of the end of the month in which the lump sum is paid to Alex. This element of the payment should not go through the PAYE system - it is not included in the payroll submission.

Example 3

Alex is paid a further retirement lump sum of €450,000 on 31 August 2022.

As illustrated in Example 2, their lifetime tax-free limit of €200,000 has already been fully "used up" and they have also "used up" €130,000 of the amount that is taxed at the standard rate i.e. €300,000; (which is the difference between 25% of the SFT for 2022 - €500,000, and the tax free limit of €200,000). The lump sum paid on 31 August 2022 is subject to tax as follows:

- €170,000 under Case IV at 20% i.e. the standard rate in force in 2022 (€300,000 – €130,000 = €170,000), and
- the remaining €280,000 under Schedule E at their marginal rate of tax in 2022. USC is also payable.

The €170,000 under Case IV will need to be included on Form 790AA, as noted in the above example. As the balance of €280,000 is chargeable to tax under Schedule E, the amount should not feature on Form 790AA, rather it would go through the PAYE system as normal.

Example 4

Sam retired on 31 January 2022 and is paid a retirement lump sum of €850,000. This is the first such lump sum they have received. They are charged to tax as follows:

- the first €200,00 is exempt,
- the next €300,000 is taxed under Case IV at 20% i.e. the standard rate for 2022, and
- the balance, i.e. €350,000, is taxed under Schedule E at their marginal rate of 40% and USC is also payable.

If Sam receives any further retirement lump sums, they will be taxed under Schedule E at their marginal rate in the year of payment and USC will also be payable.

Example 5

Taylor retired on 10 January 2022 and is paid a retirement lump sum of €120,000. They had previously received a lump sum on 30 June 2020 of €150,000. Even though the earlier lump sum was not taxable, it "used up" €150,000 of the €200,000 tax-free limit. This means that the "unused" balance of the tax free limit is €50,000 (€200,000 – €150,000) and this amount is offset against the lump sum paid on 10 January 2022. Therefore, €70,000 of the later lump sum is taxable under Case IV at the standard rate in force in 2022. The earlier lump sum is unaffected.

Example 6

Elliot retired on 10 January 2022 and is paid a retirement lump sum of €100,000. They had previously received a lump sum on 30 June 2019 of €300,000 (€100,000 of which was taxed under Case IV).
As their earlier lump sum already exceeds the tax-free limit, all of the latest lump sum is taxable. The €100,000 lump sum taken on 10 January is taxable under Case IV at the standard rate in force in 2022.

Example 7

Jamie retired on 1 July 2022 and is paid a retirement lump sum of €400,000. They had previously received a retirement lump sum of €450,000 on 1 January 2019. The earlier lump sum has "used up" the €200,000 tax free limit, and €250,000 of the €300,000 that is taxable under Case IV at the standard rate. Therefore:

- €50,000 of the later lump sum is taxed under Case IV at the standard rate in force in 2022, and
- the remaining €350,000 of the later lump sum is taxed under Schedule E at Jamie's marginal rate in 2022.

Example 8

Gene retired on 12 April 2022 and is paid a retirement lump sum of €100,000. They had previously received a retirement lump sum of €520,000 on 30 June 2019. They are chargeable to tax as follows:

- the earlier lump sum used up Gene's lifetime tax-free limit of €200,000 and the balance, i.e. €320,000 (which is less than the difference between 25% of the SFT which applied in 2019 and the tax-free limit), was subject to tax under Case IV at the standard rate in force in 2019, and
- the later lump sum is fully taxed under Schedule E at Gene's marginal rate as the amount of the earlier lump sum exceeds €500,000 (i.e. 25% of the SFT which applies in 2022).

Example 9

Fran, an Irish resident and domiciled individual, retired on 1 November 2022 and is paid a retirement lump sum of €180,000 from an approved Irish occupational pension scheme on that date. In March 2023, they were paid a pension lump sum of €50,000 from a UK occupational pension scheme to which they contributed while working in the UK during their career. Fran must take account of the UK lump sum when calculating the tax-free amount appropriate to the Irish lump sum and also the amount of the Irish lump sum which is chargeable to tax at the standard rate. The aggregate of lump sums received is €230,000 (€180,000 + €50,000) which exceeds the lifetime allowance by €30,000. The excess lump sum of €30,000 is subject to tax under Case IV at the standard rate i.e., 20%.

Legal Disclaimer

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