

Armed Forces Pension Scheme (AFPS)

**A Step-by-Step
Guide to the
Annual Allowance
Notification Letter
for Tax Year 2017/18**

Scope

- Why have I received an Annual Allowance (AA) Pensions Savings Statement for Tax Year 2017/18?
- Your letter
- What do I need to do **NOW**?
- **Step-by-Step guide 1: Are you liable for an AA tax charge?**
- **Step-by-Step guide 2: Working out your tax bill**
- What happens if I have a tax bill?
- **Step-by-Step guide 3: Registering for a Self-Assessment Tax Return**
- **Step-by-Step guide 4: Completing your online Self-Assessment Tax Return**
- **Step-by-Step guide 4a: Completing your paper Self-Assessment Tax Return**
- How to pay my tax bill

If at the end of the process you end up owing tax on your pension savings for Tax Year 2017/18, please be reassured that there is no such thing as 100% taxation and your pension continues to grow.

Why have I received an AA Pensions Savings Statement for Tax Year 2017/18?

- You have received this letter because you have exceeded the HMRC governed tax-free savings limit of £40,000, for Tax Year 2017/18, on your Armed Forces Pension Scheme (AFPS).
- Exceeding this limit means that you **MAY** be liable to pay an AA tax charge, however, it does not automatically mean that you will pay a tax charge; this depends on several different factors.
- Veterans UK are the administrators for all AFPS schemes and this notification letter refers **only** to your AFPS benefits.

Your Letter

- The letter from Veterans UK will only apply to those who breach the AA limit.
- All relevant information is contained within the letter.
- The letter, together with this guide, will assist you in working out whether you are liable for an AA tax charge and details the steps you need to take if you are presented with a bill.
- Please take time to read your letter, especially the **FAQs** at **Annex E**. These provide more information on AA and Self-Assessment Tax Returns.



What do I need to do NOW?

- You now need to work out whether you are liable for an AA tax charge.
- Follow the **‘Step-by-Step guide 1: Working out your tax bill’** at slides 6 to 22.
- Enter the relevant information about your pension savings and income from all relevant sources into the HMRC Pension AA calculator at the link below:
<https://www.tax.service.gov.uk/pension-annual-allowance-calculator>
- The example presented in this guide **only** refers to your AFPS pension and Armed Forces salary. If you have income from other sources this also needs to be taken into account.

Ministry of Defence

Veterans UK
Armed Forces Pension Scheme
Mail Point 484
Kentigern House
65 Brown Street
Glasgow G2 8EX

Tel No: 0800 085 3600
Fax: 0141 224 2571

Mr A B Serviceman
23 Address Street
District
Townshire
ZZ99 9ZZ

Date: 24 October 2018

Our reference: AFP15130L/99999999

Dear Maj Serviceman

Annual Allowance (AA) Pension Savings Statement - Tax Year 2017-18

We are writing to inform you that you have exceeded the standard tax-free pension savings limit of £40,000 for Tax Year 2017/18 by £100,352.40, based solely on the growth in your AFPS benefits. This means that you will be liable to pay an annual allowance tax charge. It does not automatically mean that you will pay a tax charge, because this depends on several other factors.

Annex A gives details of your Pension Input Amount (PIA) calculation.

What you need to do now

It is your responsibility to determine if you are liable for an annual allowance tax charge by entering the relevant information about your pension savings and income from all relevant sources into the HMRC Annual Allowance Self-Assessment calculator at the address below.

<https://www.tax.service.gov.uk/pension-annual-allowance-calculator>

Annex B gives information about your AFPS pension savings and income, which you will need when using the HMRC calculator.

What to do if you have a tax charge

If you have to pay an annual allowance tax charge you must report this to HMRC by submitting a Self-Assessment Tax Return by 31 January 2019. There are several ways in which you could decide to pay your tax charge:

- **Scheme Pays** - if you are eligible and interested in doing so, please complete and return the form at Annex D. We will then send you a letter to explain the consequential reduction to your pension benefits, along with a final decision form. Subject to your agreement, we will then pay HMRC on your behalf.
- **Adjust your tax code** - if your annual allowance tax charge is £3000 or less, you can contact HMRC and ask them to adjust your tax code so you can pay the charge from your monthly salary.
- **Pay HMRC directly** - you can decide to pay the tax you owe by contacting HMRC directly and paying the outstanding balance in one payment.

AFP15130L

Step-by-Step guide 1:

**Are you liable for an
AA tax charge?**

Check if you have an annual allowance tax charge on your pension savings

Use this service to check if you have to pay tax on your pension savings.

You cannot use this calculator if you are a member of a hybrid scheme.

You can use this calculator if you are a member of a:

- UK Registered pension scheme
- Qualifying overseas pension scheme

Before you start

You need to know:

- what types of pension schemes you have or had
- how much has been saved in your pension schemes for the dates you want to check
- if and when you have flexibly accessed your pension savings
- if your [threshold income is more than £110,000](#)
- if your [adjusted income is more than £150,000](#)

[Start now](#) >

Go to:

<https://www.tax.service.gov.uk/pension-annual-allowance-calculator>

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Select of a r

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Select the years you were a member of a registered pension scheme

This includes qualifying overseas pension schemes

- 6 April 2018 to 5 April 2019
- 6 April 2017 to 5 April 2018
- 6 April 2016 to 5 April 2017
- 6 April 2015 to 5 April 2016
- 6 April 2014 to 5 April 2015
- 6 April 2013 to 5 April 2014
- 6 April 2012 to 5 April 2013
- 6 April 2011 to 5 April 2012
- 6 April 2010 to 5 April 2011

Continue

Refer to Annex B in your letter: 'Relevant information that you will need when using HMRC AA calculator'.

SP who used some (but not all) of their carryover in any of the years back to 2014-15 will also need to select the relevant earlier years going further back, and input their PIAs (as notified in previous letters issued in those Tax Years)- **See slide 9**

Annex B

Relevant information that you will need when using HMRC AA calculator

The HMRC AA calculator can be accessed online at <https://www.tax.service.gov.uk/pension-annual-allowance-calculator>

The relevant information about your AFPS pension savings that you will need when using the HMRC AA calculator is as follows.

- When starting the HMRC AA calculator process you must firstly ensure that you select at least the most recently ended and the three most recent previous Tax Years simultaneously when asked which years you were a member of a registered pension scheme. If you have previously been notified that you have exceeded your AA limit in years that fall before this period, you will need to also select those years. This ensures that your assessment will be completed in one single process. Do not select 2018-19 because this is the currently open tax year and cannot be assessed until after it ends on 5 Apr 19.
- **Type of scheme** – after selecting the relevant tax years you will then be asked to confirm whether you have flexibly accessed any defined contributions schemes. This does not apply to the various AFPS schemes, which are all defined benefits schemes and which do not permit flexible access to pension savings - so you should answer no to this question unless you are a member of any other defined contributions schemes, in which case answer yes. You will then be asked to confirm the date on which you first flexibly accessed your pension savings. You can find this on a flexible access statement which your defined contributions provider is required to provide.

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6 April 2014 to 5 April 2015

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6 April 2012 to 5 Ap

6 April 2011 to 5 Ap

6 April 2010 to 5 Ap

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Have you previously received a letter informing you that you have breached your AA limit? (This will generally affect SSRB and MODO cohorts).

If 'Yes' you are required to tick all previous tax years referred to in these letters. i.e. for Tax Year 2016/17 (Tax Years 13/14, 14/15 and 15/16 are referred to in this letter). The Pension Input Amounts (PIA) are also required for each of the Tax Years referred to in previous letters so you can complete all required fields in the AA Calculator. **This is extremely important as this may reduce your tax bill.**

If you do not have access to your previous AA notification letters, or you are unsure how to work out the PIA for previous tax years, please contact DBS Veterans UK helpline for assistance – **0800 085 3600.**

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Annex B

Relevant information that you will need when using HMRC AA calculator

The HMRC AA calculator can be accessed online at <https://www.tax.service.gov.uk/pensionannual-allowance-calculator>

The relevant information about your AFPS pension savings that you will need when using the HMRC AA calculator is as follows.

- When starting the HMRC AA calculator process you must firstly ensure that you select at least the most recently ended and the three most recent previous Tax Years simultaneously when asked which years you were a member of a registered pension scheme. **If you have previously been notified that you have exceeded your AA limit in years that fall before this period, you will need to also select those years. This ensures that your assessment will be completed in one single process. Do not select 2018-19 because this is the currently open tax year and cannot be assessed until after it ends on 5 April 19.**
- Type of scheme – after selecting the relevant tax years you will then be asked to confirm

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Have you flexibly accessed your defined contribution pension savings?

This will usually be either a personal or stakeholder pension.

You can flexibly access these pension schemes, only if your scheme lets you. For example, this could be:

- when you take money out of your scheme
- if you convert pension savings that you had before April 2015 into a flexi access drawdown fund

Yes
 No

Continue

Annex B

Relevant information that you will need when using HMRC AA calculator

The HMRC AA calculator can be accessed online at <https://www.tax.service.gov.uk/pension-annual-allowance-calculator>

The relevant information about your AFPS pension savings that you will need when using the HMRC AA calculator is as follows.

- When starting the HMRC AA calculator process you must firstly ensure that you select at least the most recently ended and the three most recent previous Tax Years simultaneously when asked which years you were a member of a registered pension scheme. If you have previously been notified that you have exceeded your AA limit in years that fall before this period, you will need to also select those years. This ensures that your assessment will be completed in one single process. Do not select 2018-19 because this is the currently open tax year and cannot be assessed until after it ends on 5 Apr 19.
- Type of scheme – after selecting the relevant tax years you will then be asked to confirm whether you have flexibly accessed any defined contributions schemes. This does not apply to the various AFPS schemes, which are all defined benefits schemes and which do not permit flexible access to pension savings - so you should answer no to this question unless you are a member of any other defined contributions schemes, in which case answer yes. You will then be asked to confirm the date on which you first flexibly accessed your pension savings. You can find this on a flexible access statement which your defined contributions provider is required to provide.

Refer to **Annex B - Type of Scheme** in your letter

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How much were your pension savings from 6 April 2014 to 5 April 2015?

Include all pension savings made during pension input periods that ended between 6 April 2014 and 5 April 2015.

Enter an amount rounding down to the nearest pound
62300

17593

Continue

Relevant information about your AFPS pension savings


Pension Savings – Sections 227C to 227F and 229 to 237, Finance Act 2004 (legal requirement) and HMRC Pensions Tax Manual Section PTM053301 (calculation methodology) require that we calculate and express your pension savings as: Pension Input Amount (PIA) and the calculation methodology is set out in the HMRC Pensions Tax Manual Section PTM053301. We can only calculate your PIA for AFPS schemes.

Refer to the 'Pension Savings' section and table in **Annex B** to your letter.

	Standard AA Limit	AFPS PIA	Threshold Income – Service pay	Adjusted Income – AFPS & Service pay
2014-15	£40,000	£17,592.58	Not applicable	Not applicable
Between 6 Apr 15 and 8 July 15	£80,000	£7,286.11	Not applicable	Not applicable
Between 9 Jul 15 and 5 Apr 16	Maximum of £40,000 unused between 6 Apr 15 and 8 July 15	£20,018.37	Not applicable	Not applicable
2016-17	£40,000	£25,188.72	£49,861.02	£75,049.74
2017-18	£40,000	£140,352.40	£90,443.52	£230,795.92

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Were you a member of a registered pension scheme between 6 April 2015 and 8 July 2015?

If you were a member of an AFPS select 'Yes',

This includes qualifying overseas pension schemes

Yes No

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How much were your pension savings from 6 April 2015 to 8 July 2015?

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62300

Continue


Refer to the 'Pension Savings' section and table in Annex B to your letter.

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Were you a member of a registered pension scheme between 9 July 2015 and 5 April 2016?

If you were a member of an AFPS select 'Yes',

This includes qualifying overseas pension schemes

Yes

No

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How much were your pension savings from 9 July 2015 to 5 April 2016?

Enter an amount rounding down to the nearest pound, for example 62300

Continue


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Refer to the table in **Annex B** to your letter.

	Standard AA Limit	AFPS PIA	Threshold Income – Service pay	Adjusted Income – AFPS & Service pay
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Enter an amount rounding down to the nearest pound, for example

62300

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Was your threshold income more than £110,000 from 6 April 2016 to 5 April 2017?

You can [work out your threshold income](#).

Yes

No

Continue

Threshold income is all taxable income i.e. rental income, non-military employment.

Refer to the table in **Annex B** to your letter. In this example the answer is 'No'.

Your AA statement from Veterans UK only shows your Service pay. If you receive other forms of taxable income this must be added to the Service pay income. If the total is over £110k select 'Yes'

	Standard AA Limit	AFPS PIA	Threshold Income – Service pay	Adjusted Income – AFPS & Service pay
2014-15	£40,000	£17,592.58	Not applicable	Not applicable
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62300

Continue

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Continue

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2016-17	£40,000	£25,188.72	£49,861.02	£75,049.74
2017-18	£40,000	£140,352.40	£90,443.52	£230,795.92

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Check your answers

Select the years you were a member of a registered pension scheme

2015	Change
2016	
2017	
2018	

Have you flexibly accessed your defined contribution pension savings?

No	Change
----	--------

6 April 2014 to 5 April 2015

How much were your pension savings from 6 April 2014 to 5 April 2015?

£17,592	Change
---------	--------

6 April 2015 to 8 July 2015

Were you a member of a registered pension scheme between 6 April 2015 and 8 July 2015?

Yes	Change
-----	--------

How much were your pension savings from 6 April 2015 to 8 July 2015?

£7,556	Change
--------	--------

9 July 2015 to 5 April 2016

Were you a member of a registered pension scheme between 9 July 2015 and 5 April 2016?

Yes	Change
-----	--------

How much were your pension savings from 9 July 2015 to 5 April 2016?

£20,016	Change
---------	--------

6 April 2016 to 5 April 2017

How much were your pension savings from 6 April 2016 to 5 April 2017?

£25,155	Change
---------	--------

Was your threshold income more than £110,000 from 6 April 2016 to 5 April 2017?

No	Change
----	--------

6 April 2017 to 5 April 2018

How much were your pension savings from 6 April 2017 to 5 April 2018?

£140,322	Change
----------	--------

Was your threshold income more than £110,000 from 6 April 2017 to 5 April 2018?

No	Change
----	--------

Calculate

Check your answers are correctly transposed from your notification letter.

Change the numbers if required.

Press **‘Calculate’** when correct.

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Calculation results

In the tax year 6 April 2018 to 5 April 2019 you have no unused annual allowance and no tax to pay.

Ignore this banner. This refers to the current tax year '2018/19' and not the '2017/18' tax year.

How we worked out your results

This is based on your answers at the time of calculation.

Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£0	£0	£0	£0	£0
6 April 2017 to 5 April 2018	£97,202	£0	£140,352	£43,150	£0
6 April 2016 to 5 April 2017	£82,390	£0	£25,188	£0	£57,202
9 July 2015 to 5 April 2016	£62,408	£0	£20,018	£0	£42,390
6 April 2015 to 8 July 2015	£102,408	£0	£7,286	£0	£62,408
6 April 2014 to 5 April 2015	£40,000	£0	£17,592	£0	£22,408

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How we worked out your results

This is based on your answers at the time of calculation.

Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£0	£0	£0	£0	£0
6 April 2017 to 5 April 2018	£97,202	£0	£140,352	£43,150	£0
6 April 2016 to 5 April 2017	£82,390	£0	£25,188	£0	£57,202
9 July 2015 to 5 April 2016	£62,408	£0	£20,018	£0	£42,390
6 April 2015 to 8 July 2015	£102,408	£0	£7,286	£0	£62,408
6 April 2014 to 5 April 2015	£40,000	£0	£17,592	£0	£22,408

In this example the ‘amount on which tax is due’ = **£43,150**.
Note. This is **NOT** your tax bill.

Follow the ‘**Step-by-Step guide 2: Working out your tax bill**’ at slides 23 to 24 to work out your tax bill.

If you end up with figure in “an amount which tax is due” column, double check and ensure you read **Slide 9**.

How we worked out your results

This is based on your answers at the time of calculation.

Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£49,606	£0	£0	£0	£29,624
6 April 2017 to 5 April 2018	£74,794	£0	£25,188	£0	£49,606
6 April 2016 to 5 April 2017	£59,982	£0	£25,188	£0	£34,794
9 July 2015 to 5 April 2016	£40,000	£0	£20,018	£0	£19,982
6 April 2015 to 8 July 2015	£80,000	£0	£7,286	£0	£40,000

If the ‘amount on which tax is due’ = **£0** then no further action is required regarding your AFPS pension savings and income for Tax Year 2017/18.

This does not include income from other sources.

Step-by-Step guide 2:

Working out your tax bill

The example below is taken from the current guide to pension taxation - 2014DIN01-162 (page 14)

How is the tax calculated?

An excess of AA is treated by HMRC as a freestanding tax liability and is added to earnings when calculating the tax due. For individuals who exceed the AA, tax will be calculated at 40% on all earnings up to £150,000 and at 45% of earnings above £150,000 as detailed in the following examples.

An individual has an excess of AA of **£43,150** after offsetting all available unused AA. He/she receives an Armed Forces salary of £70,000, with no earnings from other sources. Tax will be charged on the excess of AA as follows:

Salary	£70,000
Excess of AA	£43,150
Total	£113,150

As this amount is under £150,000 **tax due** = 40% x £43,150 = **£17,260**

If the above individual was in receipt of an Armed Forces salary of £125,000 with no earnings from other sources, the tax payable would be as follows:

Salary	£125,000
Excess of AA	£43,150
Total	£168,150

Tax due:

£150,000 - £125,000 = £25,000 @ 40% =	£10,000
£168,150 - £150,000 = £18,150 @ 45% =	£8,167
Total	£18,167

How we worked out your results

This is based on your answers at the time of calculation.

Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£0	£0	£0	£0	£0
6 April 2017 to 5 April 2018	£97,202	£0	£140,352	£43,150	£0
6 April 2016 to 5 April 2017	£82,390	£0	£25,188	£0	£57,202
9 July 2015 to 5 April 2016	£62,408	£0	£20,018	£0	£42,390
6 April 2015 to 8 July 2015	£102,408	£0	£7,286	£0	£82,408
6 April 2014 to 5 April 2015	£40,000	£0	£17,592	£0	£22,408

What happens if I have a tax bill?

- In the example given, your AA tax bill for Tax Year 2017/18 = **£17,260**.
- You now need to submit this information on your Self-Assessment Tax Return.
- Follow the '**Step-by-step guide 3: Registering for a Self-Assessment Tax Return**' at slides 26 to 27 to find out to register. If you have already registered, go to slide 28.

How we worked out your results

This is based on your answers at the time of calculation.

Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£0	£0	£0	£0	£0
6 April 2017 to 5 April 2018	£97,202	£0	£140,352	£43,150	£0
6 April 2016 to 5 April 2017	£82,390	£0	£25,188	£0	£57,202
9 July 2015 to 5 April 2016	£62,408	£0	£20,018	£0	£42,390
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How is the tax calculated?

An excess of AA is treated by HMRC as a freestanding tax liability and is added to earnings when calculating the tax due. For individuals who exceed the AA, tax will be calculated at 40% on all earnings up to £150,000 and at 45% of earnings above £150,000 as detailed in the following examples.

An individual has an excess of AA of **£43,150** after offsetting all available unused AA. He/she receives an Armed Forces salary of £70,000, with no earnings from other sources. Tax will be charged on the excess of AA as follows:

Salary	£70,000
Excess of AA	£43,150
Total	£113,150

As this amount is under £150,000 **tax due = 40% x £43,150 = £17,260**

If the above individual was in receipt of an Armed Forces salary of £125,000 with no earnings from other sources, the tax payable would be as follows:

Salary	£125,000
Excess of AA	£43,150
Total	£168,150

Tax due:	
£150,000 - £125,000 = £25,000 @ 40% =	£10,000
£168,150 - £150,000 = £18,150 @ 45% =	£8,167
Total	£18,167

Step-by-Step guide 3:
Registering for a
Self-Assessment Tax Return

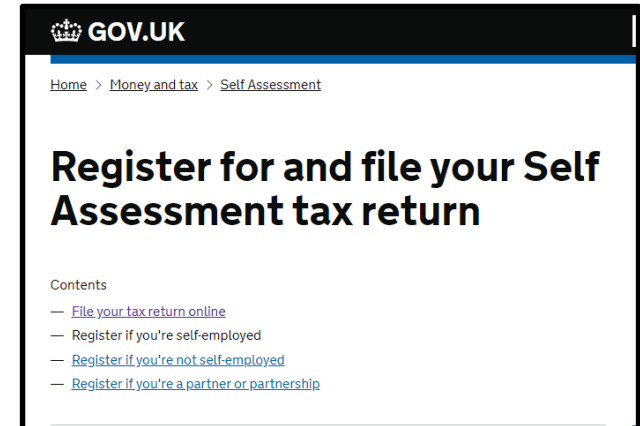
Registering for a Self-Assessment Tax Return

To register for Self-Assessment online go to the link below:

<https://www.gov.uk/log-in-file-self-assessment-tax-return>

Once registered you will:

- receive a letter with your 10-digit Unique Taxpayer Reference (UTR)
- be enrolled for the Self-Assessment online service at the same time
- receive a letter within 10 working days (21 days if you are abroad) with an activation code. You will need this when you first log in to your online account. You can replace an activation code if you do not receive it or you lose it.



The screenshot shows the 'Enter your details' form. It includes fields for 'Full name', 'Email address', and 'Create your password'. The password requirements are: be between 8 and 12 characters (letters and number characters), contain at least one letter (a-z), contain at least one number (0-9), and not contain the word 'password'. There is also a 'Confirm your password' field and a green 'Continue' button.

Step-by-Step guide 4:

**Completing your online
Self-Assessment Tax Return
(Updated)**

Completing your online Self-Assessment Tax Return

DO NOT confuse 'Annual Allowance Pension Savings Tax' with 'Pension Income'.

If the HMRC calculator confirms you have a tax charge you should put the details in **Tailor your Return (page 2 of 3)** and select the '*Are you liable to pension savings tax charges or have you received payments from overseas pension schemes?*'

DO NOT put your Annual Allowance figures in main self-assessment tax return – this would indicate that you are in receipt of your pension now and if you do this HMRC will expect you to pay the tax charge immediately rather than by the other options available: i.e. Scheme Pays or adjusting your tax code for the following year.

The following examples are based on the online Self-Assessment Tax Return (slides 30 to 34).

Tailor your Return

File a return

1. Welcome
2. Tell us about you
- 3. Tailor your return**
4. Fill in your return
5. Check your return
6. View your calculation
7. Save your return
8. Submit your return

Tailor your return

Page 2 of 3

In the tax year 6 April 2017 to 5 April 2018:

Did you receive any **interest** etc, for example, from UK banks, UK building societies, UK unit trusts? [?](#)

Yes No

Did you receive any **dividends**, for example, UK companies, authorised unit trusts, open-ended investment companies, foreign companies (up to £300)? [?](#)

Yes No

Did you receive any **UK pensions, annuities or state benefits**, for example, state pension, occupational pension, retirement annuity, Incapacity Benefit? [?](#)

Yes No

Were you or your partner (if you have one) entitled to receive **Child Benefit** during the year 2017-18 (this applies if someone else claims **Child Benefit** for a child who lives with you and pays you for your child's upkeep)? [?](#)

Yes No

Did you receive any **other UK income**, for example, employment lump sums, share schemes, life insurance gains? [?](#)

Yes No

Have you made any **income tax losses** in the year 2017-18? [?](#)

Yes No

Are you liable to **pension savings tax charges** or have you received payments from overseas pension schemes? [?](#)

Yes No

Under the 'Tailor your Return' section of your online self assessment tax return, ensure you select 'Yes' for: 'Are you liable to pension savings tax charges or have you received payments from overseas pension schemes?'

Fill in your Return

GOV.UK Richard Sanders's tax return 2017-18 [Sign out](#)

BETA This is new guidance. Complete our quick survey to [help us improve it](#).

[Your HMRC Services](#) | [Self Assessment](#) English | [Cymraeg](#)

File a return

1. Welcome
2. Tell us about you
3. Tailor your return
- 4. Fill in your return**
5. Check your return
6. View your calculation
7. Save your return
8. Submit your return

Fill in your return

Pension saving tax charges etc

You have said that you are liable to pension saving tax charges and taxable lump sums from overseas pension schemes in the tax year 6 April 2017 to 5 April 2018. Please complete the following questions.

Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum: [?](#)

£

Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum: [?](#)

£

Lifetime Allowance tax paid by your pension scheme: [?](#)

£

Amount saved towards your pension, in the period covered by this return, in excess of the Annual Allowance: [?](#)

£

Annual Allowance tax paid or payable by your pension scheme: [?](#)

£

Value of pension benefits transferred subject to the overseas transfer charge:

£

Tax paid by your pension scheme on your overseas transfer charge:

£

Pension scheme tax reference number: [?](#)

Amount of unauthorised payment from a pension scheme, not subject to Surcharge: [?](#)

£

Amount of unauthorised payment from a pension scheme, subject to Surcharge: [?](#)

£

Foreign tax paid on an unauthorised payment. Enter the amount in £ sterling: [?](#)

£

Taxable short service refund of contributions (overseas pension schemes only): [?](#)

£

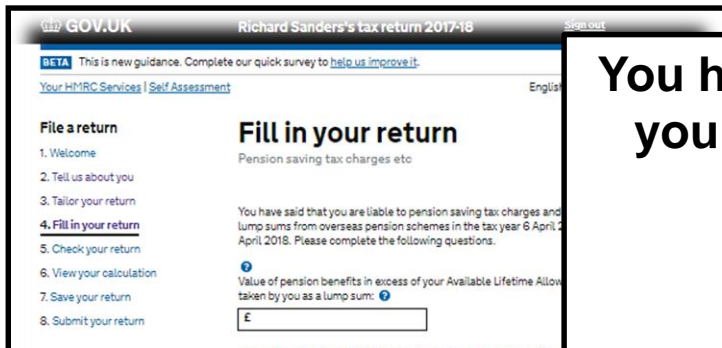
Foreign tax paid on Taxable short service refund of contributions, Taxable lump sum payment and Taxable refunds of contributions. Enter the amount in £ sterling: [?](#)

£

[X Delete pension saving tax charges and taxable lump sums from overseas pension schemes section](#)

[Save and continue](#)

Once you have tailored your return and included 'Are you liable to **pension savings tax charges**.....' You now need to fill in your return using the calculations you have established. Follow the guide in the next 3 slides.



You have already established how much you have breached your AFPS Annual Allowance

= £43,150.

How we worked out your results

This is based on your answers at the time of calculation.

Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£0	£0	£0	£0	£0
6 April 2017 to 5 April 2018	£97,202	£0	£140,352	£43,150	£0
6 April 2016 to 5 April 2017	£82,390	£0	£25,188	£0	£57,202
9 July 2015 to	£62,408	£0	£0	£0	£42,390
				£0	£62,408
				£0	£22,408

Place this figure in this Box.

This example is based on your AFPS savings ONLY. If you have other sources of income, you should seek independent financial advice to assist in completing this tax return.

Value of pension benefits in excess of your available Lifetime Allowance, **not** taken as a lump sum: ?

£

Lifetime Allowance tax paid by your pension scheme: ?

£

Amount saved towards your pension, in the period covered by this return, in excess of the Annual Allowance: ?

£

Annual Allowance tax paid or payable by your pension scheme: ?

£

Value of pension benefits transferred subject to the overseas transfer charge:

£

Tax paid by your pension scheme on your overseas transfer charge:

£

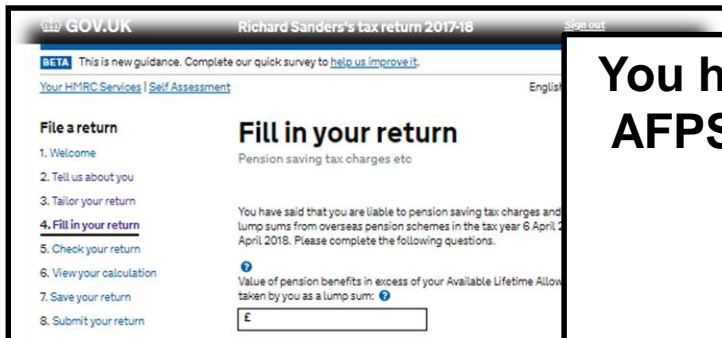
Pension scheme tax reference number: ?

Amount of unauthorised payment from a pension scheme, **not** subject to Surcharge: ?

£

Amount of unauthorised payment from a pension scheme, subject to Surcharge: ?

£



You have already established how much
AFPS AA Pension Savings tax you owe

= £17,260.

Place this figure in this Box.

How is the tax calculated?

An excess of AA is treated by HMRC as a freestanding tax liability and is added to earnings when calculating the tax due. For individuals who exceed the AA, tax will be calculated at 40% on all earnings up to £150,000 and at 45% of earnings above £150,000 as detailed in the following examples.

An individual has an excess of AA of **£43,150** after offsetting all available unused AA. He/she receives an Armed Forces salary of £70,000, with no earnings from other sources. Tax will be charged on the excess of AA as follows:

Salary	£70,000
Excess of AA	£43,150
Total	£113,150

As this amount is under £150,000 **tax due = 40% x £43,150 = £17,260**

If the above individual was in receipt of an Armed Forces salary of £125,000 with no earnings from other sources, the tax payable would be as follows:

00
50
50
00
67
67

This example is based on your AFPS savings ONLY. If you have other sources of income, you should seek independent financial advice to assist in completing this tax return.

Value of pension benefits in excess of your Available Lifetime Allowance, **not** taken as a lump sum: ?

£

Lifetime Allowance tax paid by your pension scheme: ?

£

Amount saved towards your pension in the period covered by this return, in excess of the Annual Allowance: ?

£

Annual Allowance tax paid or payable by your pension scheme: ?

£

Value of pension benefits transferred subject to the overseas transfer charge:

£

Tax paid by your pension scheme on your overseas transfer charge:

£

Pension scheme tax reference number: ?

Amount of unauthorised payment from a pension scheme, **not** subject to Surcharge: ?

£

Amount of unauthorised payment from a pension scheme, subject to Surcharge: ?

£

GOV.UK Richard Sanders's tax return 2017/18

BETA This is new guidance. Complete our quick survey to [help us improve it](#).

Your HMRC Services | Self Assessment English | [Cymraeg](#)

File a return

- Welcome
- Tell us about you
- Tailor your return
- 4. Fill in your return**
- Check your return
- View your calculation
- Save your return
- Submit your return

Fill in your return
Pension saving tax charges etc

You have said that you are liable to pension saving tax charges and taxable lump sums from overseas pension schemes in the tax year 6 April 2017 to 5 April 2018. Please complete the following questions.

Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum: £

Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum: £

You must enter the relevant Pension Scheme Tax Reference number for your AFPS.

The relevant code can be found in Annex E to your letter from Veterans UK.

**In this example it is AFPS 15:
= 00817591RA**

This is relevant to those who have accrued rights to a previous AFPS.

Place this number in this Box.

Q4 - What additional information do I need when completing Self-Assessment Tax Return?

A4 - When completing your Self-Assessment Tax Return you must enter the taxable amount confirmed by the HMRC AA Calculator into Boxes 10 to 12 of Form SA101 (page Ai 4 of Additional Information pages).

You must also enter the relevant Pension Scheme Tax Reference Number for your AFPS scheme. These are as follows:

AFPS 15	00817591RA
AFPS 75	00330140RV
AFPS 05	00597904RX
RFPS 05	00718644RW

The scheme name abbreviation shown above is for your information only, and must not be included - you must only enter the relevant 10 character reference.

Lifetime Allowance tax paid by your pension scheme: £

Amount saved towards your pension, in the period covered by this return, in excess of the Annual Allowance: £ **43150**

Annual Allowance tax paid or payable by your pension scheme: £ **17260**

Value of pension benefits transferred subject to the overseas transfer charge: £

Tax paid by your pension scheme on your overseas transfer charge: £

Pension scheme tax reference number: **00817591RA**

Amount of unauthorised payment from a pension scheme, **not** subject to Surcharge: £

Amount of unauthorised payment from a pension scheme, subject to Surcharge: £

Now submit your tax return.

Step-by-Step guide 4a:

**Completing your paper Self-
Assessment Tax Return**

Completing your Self-Assessment Tax Return

DO NOT confuse ‘Annual Allowance Pension Savings Tax’ with ‘Pension Income’.

If the HMRC calculator confirms you have a tax charge you should put the details in **boxes 10-12** on **page Ai4** of the “**Additional Information**” pages on the *Self-Assessment Tax Form – SA101*.

DO NOT put your Annual Allowance figures in main self-assessment tax return – this would indicate that you are in receipt of your pension now and if you do this HMRC will expect you to pay the tax charge immediately rather than by the other options available: i.e. Scheme Pays or adjusting your tax code for the following year.

The following examples are based on the paper Self-Assessment Form (slides 37 to 40).

Additional Information

HM Revenue & Customs

Additional information

Tax year 6 April 2017 to 5 April 2018 (2017-18)

Complete these pages for less common types of income, deductions and tax reliefs, and for any other information. For help filling in this form, go to www.gov.uk/taxreturnforms and read the notes and helpsheets.

Other UK income

Interest from gilt-edged and other UK securities, deeply discounted securities and accrued income profits

1 Gilt etc interest after tax taken off £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	3 Gross amount before tax £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
2 Tax taken off £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	

Gains from life insurance policies, capital redemption policies and life annuity contracts

4 UK policy or contract gains on which tax was treated as paid - the amount of the gain £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	8 UK policy or contract gains from voided ISAs £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
5 Number of years the policy has been held or since the last gain <input type="text"/> <input type="text"/>	9 Number of years the policy was held <input type="text"/> <input type="text"/>
6 UK policy or contract gains where no tax was treated as paid - the amount of the gain £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	10 Tax taken off gain shown in box 8 £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
7 Number of years the policy has been held or since the last gain <input type="text"/> <input type="text"/>	11 Deficiency relief £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Stock dividends, bonus issues of securities and redeemable shares

12 Stock dividends - the amount received £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	13 Bonus issues of securities and redeemable shares and close company loans written off or released £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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Business receipts taxed as income of an earlier year

14 The amount of post-cessation or other business receipts £ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	15 Tax year income to be taxed, for example, 2016-17 YYYY YY <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>
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Other information and deductions, reliefs and payments

Points entered in box 4

Lump sums up to £30,000 exemption

Foreign service deduction

Deduction - give the names of the full information' box on page A1 4 and 'employment' page

Not taxable in the UK

Which tax credit relief not claimed

Contributions to an overseas trust
Read the notes

Payments made

Married or civil partnership
Enter the date of marriage or civil partnership DD MM YYYY

To have your spouse's or civil partner's surplus allowance, put 'X' in the box

Your spouse or civil partner to have your surplus allowance, put 'X' in the box

Parents (maximum £3,260) - only if you or your spouse or civil partner were born before

Charitable donations and gifts
Enter the amount of relief shown in box 3 which isn't the limit on Income Tax reliefs

Qualifying distribution on the shares or securities

Shares under the Seed Enterprise Investment Scheme

Income Tax relief
Payroll giving

Reference (LTR)

Reference number

Refund of pension contribution

Refund of pension contribution - unauthorised payment

Refund of contributions (pension schemes only)

Refund of contributions (sterling) on box 16

Expected advantage arises
YYYY YY

Reference (LTR)

SA101 2018 Page A1 1 HMRC 12/17

BOX 10

You have already established how much you have breached you AFPS Annual Allowance

= **£43,150.**

Place this figure in **Box 10.**

This example is based on your AFPS savings **ONLY**. If you have other sources of income, you should seek independent financial advice to assist in completing this tax return.

Pension Savings Tax Charges

7 Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum

8 Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum

9 Lifetime Allowance tax paid by your pension scheme

10 Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance

11 Annual Allowance tax paid or payable by your pension scheme

11.1 Value of pension benefits transferred subject to the overseas transfer charge

11.2 Tax paid by your pension scheme on your overseas transfer charge

Tax avoidance schemes

19 The scheme reference number or promoter reference number

Additional information

21 Please give any additional information in this space

Personal details

22 Your name

23 Your Unique Taxpayer Reference (UTR)

12 Pension scheme tax reference number

13 Amount of unauthorised payment from a pension scheme, not subject to surcharge

14 Amount of unauthorised payment from a pension scheme, subject to surcharge

15 Foreign tax paid on an unauthorised payment

How we worked out your results

This is based on your answers at the time of calculation.
 Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£0	£0	£0	£0	£0
6 April 2017 to 5 April 2018	£97,202	£0	£140,390	£43,150	£0
6 April 2016 to 5 April 2017	£82,390	£0	£25,188	£0	£57,202
9 July 2015 to 5 April 2016	£62,408	£0	£20,018	£0	£42,390
6 April 2015 to 8 July 2015	£102,408	£0	£7,286	£0	£62,408
6 April 2014 to 5 April 2015	£40,000	£0	£17,592	£0	£22,408

SA101 2018

Page Ai 4

BOX 12

You must enter the relevant Pension Scheme Tax Reference number for your AFPS.

The relevant code can be found in **Annex E** to your letter from Veterans UK.

In this example it is AFPS 15:

= **00817591RA**

This is relevant to those who have accrued rights to a previous AFPS.

Place this number in to **Box 12**.

Now **submit** your tax return.

Pension Savings Tax Charges

7	Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum	£ <input type="text"/>	12	Pension scheme tax reference number	PSTR00817591RA
8	Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum	£ <input type="text"/>	13	Amount of unauthorised payment from a pension scheme, not subject to surcharge	£ <input type="text"/>
9	Lifetime Allowance tax paid by your pension scheme	£ <input type="text"/>	14	Amount of unauthorised payment from a pension scheme, subject to surcharge	£ <input type="text"/>
10	Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance	£ <input type="text"/>	15	Foreign tax paid on an unauthorised payment (in £ sterling)	<input type="text"/>
11	Annual Allowance tax paid on pension scheme	£ <input type="text"/>			
11.1	Value of pension benefits overseas transfer charge	£ <input type="text"/>			
11.2	Tax paid by your pension transfer charge	£ <input type="text"/>			

Q4 - What additional information do I need when completing Self-Assessment Tax Return?

A4 - When completing your Self-Assessment Tax Return you must enter the taxable amount confirmed by the HMRC AA Calculator into Boxes 10 to 12 of Form SA101 (page Ai 4 of Additional Information pages).

You must also enter the relevant Pension Scheme Tax Reference Number for your AFPS scheme. These are as follows:

AFPS 15	00817591RA
AFPS 75	00330148RV
AFPS 05	00597994RX
RFPS 05	00716644RW

The scheme name abbreviation shown above is for your information only, and must not be included - you must only enter the relevant 10 character reference.

Tax avoidance scheme

19	The scheme reference number or promoter reference number	<input type="text"/>	20	The tax year in which the expected advantage arises, for example, 2016-17 YYYY YY	<input type="text"/>
----	--	----------------------	----	---	----------------------

Additional information

21 Please give any additional information in this space

Personal details

22	Your name	<input type="text"/>	23	Your Unique Taxpayer Reference (UTR)	<input type="text"/>
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How to pay my tax bill

Payment of your tax bill is a personal issue.

Read the supporting notes at **Annex C** to your letter.

The options available are:

- **Scheme Pays (if bill is over £2000 and less than 45% of the AFPS PIA for the relevant tax year) - Complete Annex D and send back to the AFPS administrators (see slide 35).**
- **Pay HMRC Direct.**
- **Adjust your tax code.**
- **Combination of the above.**

Before you pay HMRC direct or adjust your tax code, please confirm your calculations with DBS.

Annual Allowance Information Sheet - Tax Charge payment options		
Annex C		
Payment Option	Eligibility Criteria/Limits	Information
Scheme Pays	Only available where AA tax charge is £2,000 or more, subject to maximum amount of £63,158.58 (45% of your AFPS PIA for the relevant tax year).	<ul style="list-style-type: none">- Under Scheme Pays, you can ask your pension scheme to pay all or part of your tax charge to HMRC upfront, in exchange for a corresponding reduction to your pension benefits. The amount you ask us to pay must be between £2,000 and £63,158.58.- Your pension will be reduced for life as soon as it becomes payable.- Once you have decided to use Scheme Pays and the arrangement has been finalised it cannot be revoked under any circumstances.- There is no limit to the amount of times Scheme Pays can be chosen to meet tax charges. However, a new election for Scheme Pays is required every time you want to use it to mitigate a tax charge.- If you retire earlier or later than age 65 your scheme pays reduction will be actuarially revalued using factors appropriate to your age at date of retirement. If you retire earlier than age 65 your debit(s) will reduce. If you retire later than age 65 your debit(s) will increase.- Dependants' benefits are not affected by any Scheme Pays reductions. <p>If you are in any doubt about how Scheme Pays will affect your pension you must seek independent financial advice - we will not be able to provide this for you.</p>
Pay HMRC direct		<ul style="list-style-type: none">- Arrangements to pay HMRC direct are your responsibility and we recommend you familiarise yourself with the payment schedules. This information can be found on the HMRC website https://www.gov.uk/pay-self-assessment-tax-bill- This method of payment may result in HMRC requesting an additional payment called 'Payment on Account'. Further details are available from HMRC at https://www.gov.uk/understand-self-assessment-statement/payments-on-account
Adjustment to tax code	Tax charges less than £3,000	- A request for a tax code adjustment should be made directly to HMRC during the normal Self-Assessment Tax Return process.
Combination of the above	As above	- The tax charge can be split and a combination of the above options can be used.

AFP15135L

Scheme Pays

Annex D

Please complete and return this form to the address shown below no later than 28 February 2019

Armed Forces Pension Scheme
Mail Point 484,
Kentigern House
65 Brown Street,
GLASGOW G2 8EX

Annual Allowance Tax Charge - Tax Year 2017-18
Register of Interest in using Scheme Pays
AFPS Member 99999999 Maj A B Serviceman

I wish to register my interest in using Scheme Pays in respect of my Annual Allowance Tax Charge for Tax Year 2017-18.

I understand that;

- if I decide to finalise the Scheme Pays arrangement, the AFPS will pay the sum shown below to HMRC and my AFPS benefits will be reduced by the actuarially equivalent amount at the appropriate time.

£ 17,260

- The above amount requested must be between £2,000 and £63,158.58
- This form only registers my interest in using Scheme Pays, and is not a binding commitment to do so
- I can withdraw my interest in using Scheme Pays at any time before it is finalised
- the Scheme Pays arrangement will not be finalised until I have signed and returned my Final Decision form AFP75138L
- Once my final decision has been acknowledged the Scheme Pays arrangement will be irrevocably finalised and cannot be reversed under any circumstances.

Signature:.....*M.Serviceman*.....

Date: ..*10.Dec.18*...

AFP15136L

How is the tax calculated?

An excess of AA is treated by HMRC as a freestanding tax liability and is added to earnings when calculating the tax due. For individuals who exceed the AA, tax will be calculated at 40% on all earnings up to £150,000 and at 45% of earnings above £150,000 as detailed in the following examples.

An individual has an excess of AA of **£43,150** after offsetting all available unused AA. He/she receives an Armed Forces salary of £70,000, with no earnings from other sources. Tax will be charged on the excess of AA as follows:

Salary	£70,000
Excess of AA	£43,150
Total	£113,150

As this amount is under £150,000 **tax due = 40% x £43,150 = £17,260**

If the above individual was in receipt of an Armed Forces salary of £125,000 with no earnings from other sources, the tax payable would be as follows:

Salary	£125,000
Excess of AA	£43,150
Total	£168,150

Tax due:
 $£150,000 - £125,000 = £25,000 @ 40\% = £10,000$
 $£168,150 - £150,000 = £18,150 @ 45\% = £8,167$
Total £18,167

The amount of tax you owe that you wish to be paid via Scheme Pays

This is your personnel choice

Disclaimer

This document has been provided as a guide to assist you with the AA process.

If you are still in doubt regarding your Annual Allowance Pension Savings Tax, *especially if you have other sources of income*, you **should** seek independent financial advice.

Sources of Information

- DBS Veterans UK helpline - 0800 085 3600
- [2014DIN01-162](#) Pensions Tax Relief - Annual Allowance & Lifetime Allowance
- Tax on your Private Pension Contributions – <https://www.gov.uk/tax-on-your-private-pension>
- Self-Assessment Tax Returns – <https://www.gov.uk/self-assessment-tax-returns>
- Paying your Self-Assessment Tax Bill – <https://www.gov.uk/pay-self-assessment-tax-bill>