# Tax relief for Personal pension scheme (contribution is net amount)

- gross up 100/80
- extending the rate band

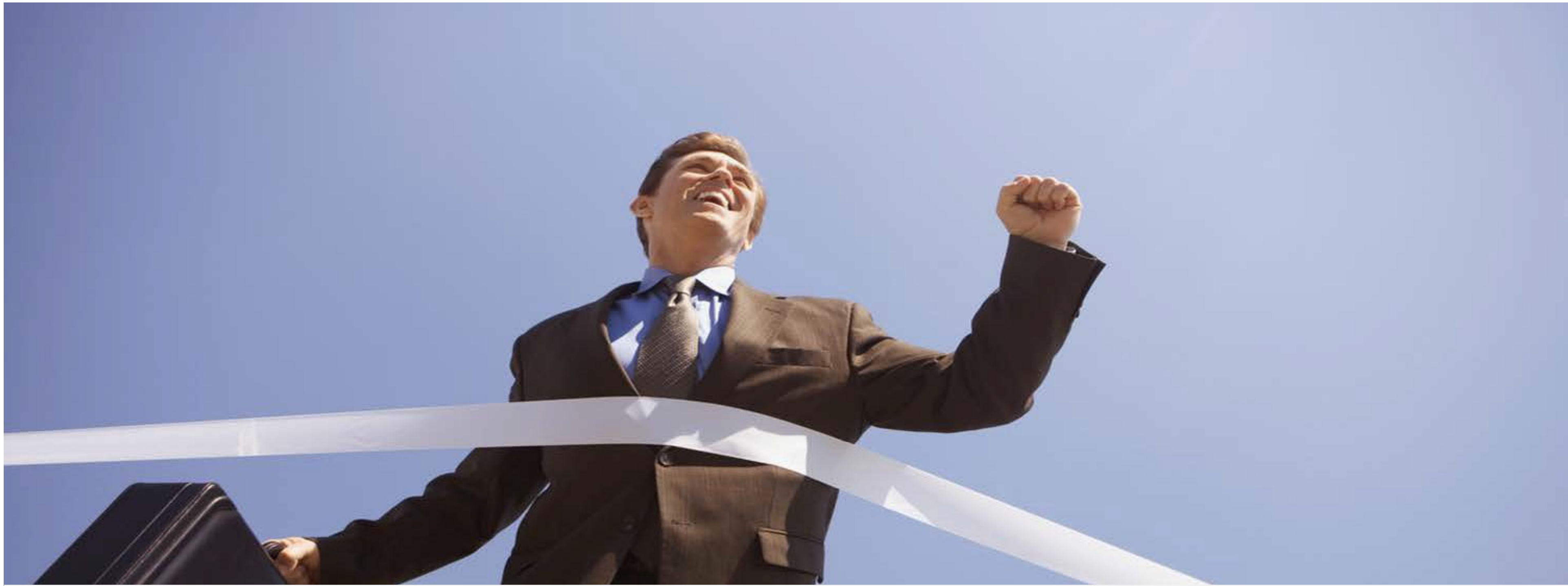
  31785(150000) + gross PPS

- Adjusted net income = net income-gross PPS

# Example 1

Joe has earnings of £60,000 in 2015/16. He pays a personal pension contribution of £7,200 (net). He has no other taxable income.

**Show** Joe's tax liability for 2015/16.



# You're a Champion!

Thanks for staying with us. You have finished this task.

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# ★Occupational pension schemes

# Tax relief for Occupational pension schemes

Employers set up OPS for their employees and contribute to OPS.
Employee may also self contribute to OPS.

- Employer's contributions: deductible under trading profit
- Employee's contributions: deductible under employment income

## Example 2

Maxine has taxable earnings of £60,000 in 2015/16. Her employer deducts a pension contribution of £9,000 from these earnings before operating PAYE. She has no other taxable income.

**Show** Maxine's tax liability for 2015/16.