

If a member only inputs the PIA for the three previous years, it does not (in all cases) take into the account the correct carry forward for the tax year in question.

For example, if we concentrate on one tax year (2021/22), the screenshot below shows the results for that year if only the three years prior are entered.

6 April 2021 to 5 April 2022

Your result	Amount
Available annual allowance	£54,000
Available money purchase annual allowance	£0
Pension savings	£40,000
Amount on which tax is due	£0
Unused annual allowance	£13,000

The PIA entered for each year is as follows:

21/22 - £40,000

20/21 - £41,000

19/20 - £27,000

18/19 - £38,000

The results when entering the PIA for years back to 12/13 is in the screenshot below:

6 April 2021 to 5 April 2022

Your result	Amount
Available annual allowance	£55,000
Available money purchase annual allowance	£0
Pension savings	£40,000
Amount on which tax is due	£0
Unused annual allowance	£13,000

The PIA for each year entered in this case are the same between and including 18/19 and 21/22, with PIA entered back to 12/13 (all years within AA, so no tax charges).

As you can see, there is a difference in the available Annual Allowance for 21/22. This is because in the 20/21 tax year they were over the standard AA, but did not incur a tax charge due to the carry forward taken from earlier years. Once the current year's Annual Allowance is used, the carry forward works in taking the earliest available year's carry forward. In the example where only the three years prior to 21/22 were entered, the carry forward was taken from the 18/19 tax year. In the example where all years back to 12/13 were entered, the carry forward was taken from the first available year of the three prior years, so 17/18. This is because a member cannot use unused allowances as carry forward from any tax year where they were not a member of at least one UK registered pension scheme or a qualifying overseas pension scheme – as the 17/18 tax year didn't have values entered in the first scenario, the calculator works in assuming they do not have any unused allowance from this tax year to carry forward.

Therefore, if the full picture of earlier years is not entered, it could mean that the carry forward available for a tax year may be reduced for the member and therefore impacting any possible charges they are trying to calculate.

For later years, if there is only a change in PIA that results in a PSS being automatically issued for a tax year, other than the previous years being required for carry forward (as shown above), the member would have an interest in the revised PIA for later years too. Any year where there is a change in PIA could impact their AA position, such as removing the carry forward they had been relying on, reducing a charge, etc. As schemes do not know how many other schemes a member could be a member of, there is no way to determine whether the member will need this information or not, other than the member determining this themselves. In addition, members may wish to have this information to understand their Annual Allowance position for current/future tax years.

Therefore, the requirement is for schemes to automatically issue a revised PSS where one has been issued previously and there has been a change to the PIA and to also issue a PSS where the revised PIA means they now meet the criteria for a PSS to be issued, where it was not met before. Members have the option to request a PSS for a tax year where one has not been automatically issued. For the purposes of calculating their AA position following the Public Service Pensions Remedy, it is likely that members will need to do this.