



Tax on small occupational pensions

Some people receiving a small occupational pension have not been properly taxed on this for a number of years. HM Revenue and Customs (HMRC) has now decided that these pensions will be taxed from April 2009, but that no back tax will be collected.

HMRC is writing to those affected confirming that it will not collect any tax for tax years prior to 2009/10 unless there are exceptional circumstances. In the letter, HMRC will warn pensioners that the appropriate amount of tax will be deducted from April 2009 and will send each person a coding notice showing how it has calculated the amount to be deducted. If HMRC does not hold enough information to issue a coding notice, it may send a longer form for the taxpayer to complete.

People affected by this tax deduction can contact specialist tax advisers for further information.