Getting only 20% relief when you pay 40% tax?

If you pay tax at 40% or 45%, some pension arrangements give you every penny of relief automatically. One very common arrangement doesn't — it gives you 20% and leaves the rest sitting with HMRC until you ask for it. Here's how to check which one you're on, in about five minutes.

STEP 1 · IS THERE ANYTHING TO CLAIM?

Extra relief only exists if some of your income is taxed above 20%. Find your top rate below (England, Wales & Northern Ireland, 2026/27).

20%	40%	45%
Income up to £50,270	£50,271 to £125,140	Over £125,140
Nothing extra to claim.	**Read on — this guide is for you.**	**Read on — even more at stake.**

Scottish taxpayers: your rates and bands are different, but the principle is identical. Ask us and we'll run your numbers.

STEP 2 · WHICH ARRANGEMENT ARE YOU ON?

Take a payslip and your pension paperwork. One of these three will describe you.

1. Salary sacrifice

NO ACTION NEEDED

HOW TO SPOT IT Your contract or scheme booklet mentions "salary exchange", "salary sacrifice" or "SMART pension". Your gross pay is reduced before tax and National Insurance, and the pension often shows as an *employer* contribution.

WHAT YOU GET Full relief at your top rate, automatically — plus you and your employer both save National Insurance. Nothing goes on a tax return.

2. Net pay arrangement

NO ACTION NEEDED

HOW TO SPOT IT The contribution comes off your *gross* pay. On the payslip, your taxable pay is lower than your gross pay by the exact amount of the pension deduction. Common in workplace and occupational schemes.

WHAT YOU GET Full 40% or 45% relief already given through the payroll. Nothing to claim.

3. Relief at source

CLAIM NEEDED

HOW TO SPOT IT The contribution is taken *after* tax — your taxable pay is **not** reduced by it. Your provider then adds 25% to whatever you paid, so £80 becomes £100. Standard for personal pensions, SIPPs, most group personal pensions and NEST. Anything you pay in yourself from your bank account is always relief at source.

WHAT YOU GET **Only 20%.** If you pay tax at 40% or 45%, the rest is yours — but HMRC will not send it unless you ask. Turn over.

STEP 3 · HOW TO CLAIM

1. **Gather your figures.** For each year you need the *gross* contribution — what you paid plus the 20% added. Your annual pension statement shows it.
2. **If you file a Self Assessment return,** enter that gross figure in the "paying into registered pension schemes" section. This is the route for the current year *and* earlier years.
3. **If you don't file a return,** claim for the current year through the online service on GOV.UK, or write to HMRC. Earlier years are dealt with in writing.
4. **Wait for HMRC.** They aim to reply within 28 working days. Relief comes back as a refund or a tax code change — not as money into your pension.

STEP 4 · DON'T STOP AT THIS YEAR

A claim must reach HMRC within **four years of the end of the tax year**. The oldest year drops off every 5 April.

TAX YEAR	CLAIM BY	STATUS
2022/23	**5 April 2027**	Closing — act this year
2023/24	5 April 2028	Open
2024/25	5 April 2029	Open
2025/26	5 April 2030	Open
2026/27	5 April 2031	Current year

WHAT IT'S ACTUALLY WORTH

You pay £600 into a personal pension. You're a 40% taxpayer.

You pay in from your bank account	**£600**
Your provider claims basic rate relief and adds it	**+ £150**
Total now in your pension	**£750**
Relief you're entitled to at 40% of £750	**£300**
Relief already given by the provider	**– £150**
Still sitting with HMRC, waiting for you to claim	**£150**

Unclaimed for four years, that's **£600** of your own money. At 45% the extra claim is £187.50 a year. Scale it to a £500-a-month contribution and you're into four figures.

IT CAN BE WORTH MORE THAN 40%

- **Income between £100,000 and £125,140.** Your personal allowance is withdrawn by £1 for every £2 over £100,000. A contribution reduces the income that taper is based on, so effective relief in this band can reach 60%.
- **Child Benefit.** Contributions reduce your adjusted net income, which can cut or remove the High Income Child Benefit Charge.
- **Limits to watch.** Relief is capped at 100% of your UK earnings, and the annual allowance is £60,000 — lower if you're a high earner or have flexibly accessed a pension.

Not sure which one you're on? We'll tell you.

Send us a recent payslip and your latest pension statement. We'll confirm your arrangement, work out what's owed for every open year, and make the claim.

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