



Revenue responses to ITI queries on the amendments to PRSAs contained in Finance Bill 2022

At a joint meeting of the Main TALC and TALC Direct/Capital Taxes Sub-committee on [27 October](#), the Institute raised queries regarding the proposed amendments to PRSAs contained in Finance Bill 2022.

We have set out below the queries which the Institute raised and Revenue's response to those queries.

- **Query:** Clarification would be welcomed as to whether the removal of the current BIK charge on employer contributions has unintentionally classified an employer funded PRSA as an unapproved retirement benefit scheme, as a result of which a BIK charge would arise under Section 777(1) TCA? Given the policy intention is to remove the charge to BIK on employer contributions to PRSAs, it is assumed that this is not the intention.

Revenue response: As mentioned, we were unclear how the removal of the BIK charge on employer contributions to PRSAs had this effect – since the introduction of PRSAs employers could make contributions to them on behalf of employees, but there may be some nuance we have overlooked. We regard PRSAs as being dealt with by Part 2A of Chapter 30 TCA rather than Part 1 of that chapter (and it is Part 1 which contains section 777). And as indicated it was not the intention that the removal of the charge should have this effect.

- **Query:** If an employer is only funding for an employee or director through a PRSA, clarification would be welcomed as to whether that employee/director is then deemed to be in non-pensionable employment and entitled to tax relief in respect of premia paid under a Section 785 policy?

Revenue response: "Pensionable employment" is defined in section 783(2) TCA (for the purposes of Chapter 2 of Part 30, which also contains section 785) as "service in an office or employment to which a sponsored superannuation scheme relates" (with some exceptions, not relevant for the purpose of this question). A "sponsored superannuation scheme" is defined in section 783(1)(a) TCA as "a scheme or arrangement relating to service in particular offices or employments and having for its object or one of its objects the making of provisions in respect of persons service in those offices or employments against (i) future retirement or partial retirement".

It appears to us that a PRSA receiving funds from an employer is an "arrangement" which is covered by the definition of "sponsored superannuation scheme" and therefore the employee or director in that position would be deemed to be in "pensionable employment".