



Circular Letter 0053/2006

To: Institutes of Technology, Tipperary Institute, Vocational Education Committees, Colleges of Education, The Further Education and Training Awards Council, The Higher Education and Training Awards Council, The National Qualifications Authority of Ireland, The National Education Welfare Board, The Teaching Council

Finance Act 2006 Certain Pension Implications for Public Service Employers

Attached for your information and appropriate action is a letter which has been addressed by the Department of Finance to all Government Departments regarding the taxation of certain retirement benefits.

It should be noted that the responsibility for implementing the taxation requirement falls on the trustees/administrators of pension schemes, both in the public and private sector, and applies to benefits payable for the first time on and from 7 December 2005.

The taxation threshold referred to in the Department of Finance letter is such that persons retiring from the bodies to which Circular Letter 0053/2006 is addressed, and entitled to retirement benefits from those bodies only, are unlikely to be affected. Taxation might apply, however, where the person concerned has pension arrangements – other than social welfare entitlements - additional to and independent of their public service occupational pensions.

It is suggested in the circumstances, and pending further guidance, that staff members who are retiring, or who have retired since 7 December 2005, be informed of the taxation requirement and be requested to state whether they have any retirement benefits other than their occupational pensions. Where they have such benefits, it will be necessary for them to give full details to their employers in order to meet the requirements of the Finance Act 2006.

John Feeney
Principal Officer
Pensions Unit
10 May 2006