



*To the Chief Executive Officer of each
Vocational Education Committee*

CIRCULAR 0119/2006

RE: Pension Incentive Tax Credits Scheme (PITCS)

**Guidance notes for Pensions Administrators in relation to the
management of the Pension Incentive Tax Credit Scheme**

Please find attached copy of Department of Finance Circular letter P18/37/06 and Guidance notes for Pensions Administrators in relation to the management of the Pension Incentive Tax Credit Scheme which were issued recently to the Personnel Officers of all Government Departments/Offices.

VEC 's are requested to bring the terms of the attached circular to the attention of all serving staff.

John Feeney
Principal Officer
Pensions Unit

1 September 2006

CF.

Ref P18/37/06

18 July 2006

Dear Personnel Officer

Re: Pension Incentive Tax Credits Scheme (PITCS).

I refer to Section 42 of the Finance Act 2006 which provides an incentive for certain SSIA holders to reinvest all or part of their net SSIA proceeds, after maturity, into an approved pension scheme.

The scheme is known as the Pension Incentive Tax Credits Scheme (PITCS) and it may be availed of by qualifying members of staff to purchase additional periods of notional service for pension purposes. It may also be availed of to pay for compound interest charged in connection with the repayment of gratuities etc. which have the effect of increasing a person's pension entitlements (e.g. marriage gratuities, refunded pension contributions etc.). The arrangements for the operation of the scheme are set out in the "Guidance Notes for Pension Administrators in Relation to the Management of Pension Incentive Tax Credits Scheme" (July 2006) published by the Revenue Commissioners.

The purpose of the Guidance Notes is to assist administrators in complying with their statutory obligations in relation to the management of PITCS. All administrators who partake in the PITCS must apply for registration with the Revenue Commissioners.

In order to comply with the requirements of the Revenue Commissioners your Department/Office should apply to that Office for form PITC1. The address is:

SSIA/PITC Unit,
Collector-General's Division,
Sarsfield House
Limerick.

Alternatively, you may contact any of the following in the Office of the Revenue Commissioners:

Michael Kearney	061-488203
Wilma Ryan	061-488376
Henry Kenny	061-488570
Joanne Gould	061-488194

The form should be completed and returned to the office of the Revenue Commissioners at the above address.

For the purposes of completing registration form PITC1:

- You must appoint a person as administrator who will be responsible for the overall operation of the scheme. This person should be in the HEO grade or a higher grade. It is suggested that this might be the person who normally deals with, or supervises, person(s) who deal with purchase of notional service within your Department/Office.
- You must appoint contact person(s) who will make the monthly returns in order to claim the tax credit.
- You must give details of a bank account (name of the bank and address, account number and sort code) to which the Revenue Commissioners will transmit the tax credit.

The individuals so appointed should familiarise themselves with the procedures to be followed in applying for the PITCS tax credit and accounting for same. In particular, they should take careful note of any deadlines that have to be met.

Reckoning of Service

The normal rules of the Purchase Scheme will apply to service purchased under PITCS. This means that there must be a shortfall in service by retirement age taking account of any transferred or transferable service and retained benefits, if any. Revenue limits must be respected and if there are retained benefits, they must be identified and quantified in order to assess whether the individual would still have entitlement to purchase service.

Service purchased with SSIA proceeds and the tax credit paid by the Revenue Commissioners should only be reckoned on receipt of the monies concerned. The total amount of service being purchased may be calculated in the normal way at the time that the person pays over the SSIA proceeds but the amount of purchased service attributable to the tax credit as forwarded by the Revenue Commissioners only becomes reckonable when the monies are actually received from the Revenue Commissioners.

Detailed records must be maintained on each individual's personal file and centrally by the administrator so as to enable the necessary returns to be made to the Revenue Commissioners and for audit trail purposes.

Before an individual makes a commitment to purchase notional service under the above arrangements you might advise them that they should consider seeking independent advice where appropriate; in particular, each individual should be asked to consider whether they should contribute (i.e. purchase service) using the existing tax rules or avail of the PITCS.

Enclosures:

The "Revenue Guidance Notes for Pension Administrators in Relation to the Management of the Pension Incentive Tax Credits Scheme (July 2006)" is enclosed. This document has the following forms appended to it for information:

PITC1 – Administrators Registration Form

PITC2 – Declaration on commencement (to be completed by employee availing of the Scheme)

PITC5 – Monthly Claim Form

PITC5A – Notice of Amendments included in Monthly Return

Further Information

Where an administrator requires further guidance or assistance in relation to any matter, they may contact the Revenue Commissioners at the above Limerick address or telephone any of the Revenue officials listed above.

E-mail enquiries may be sent to ssiaadmin@revenue.ie

Your Department should immediately instruct all non-commercial State Sponsored bodies and agencies etc. under the aegis of your Department to adopt the same arrangements.

Yours sincerely

Lorcan O'Toole

To: All Personnel Officers