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## Govt eyes action over pension tax anomaly costing low earners

By **Justin Cash** | 10<sup>th</sup> October 2018 1:03 pm

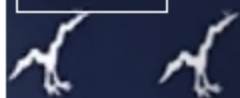
The government will look to act on an anomaly in the pension tax system that has resulted in more than a million low paid workers miss out on top-ups to their contributions, reports suggest.



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Campaigners in recent weeks including former pensions minister Ros Altmann have put pressure on the Treasury to tackle the current quirk in the rules that means lower earners in “net pay” pension arrangements have not received tax relief on their pensions.

An estimated 1.2 million people are earning below the £11,850 minimum personal tax threshold, and are still entitled to top-ups on pension contributions, but the schemes they are in are not set up to pay in the government share.

According to the Financial Times, the government has now committed to investigate ways to “tackle any differences” in pensions tax relief provision.

Aegon head of pensions Kate Smith says: “It is unfair that those earning less than the personal income tax allowance currently miss out on tax relief. Not only does this undermine auto-enrolment but it also widens the pension gap between those who have adequate pension savings and those at risk of running out of funds in retirement.

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“Government should act quickly as the first period on which is set to rise further

Government should act quickly as the net pay anomaly is set to rise further as the minimum auto-enrolment contributions are due to increase in April.”

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