

LITRG publishes new guidance on net pay anomaly payments

Briefings

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The Low Incomes Tax Reform Group (LITRG) has produced new information to help people affected by the government's new Low Earner's Pension Payment (LEPP).

LEPP is the result of eight years of campaigning by LITRG, which is part of the Net Pay Action Group, a collective of pensions industry representatives, payroll specialists and policy experts.

The group had campaigned for the government to address an anomaly in the pension system that saw some low earners fail to receive the tax relief on their pension contributions to which they were entitled.

The information produced by LITRG explains what the payment is, why it is being made, the eligibility criteria for receiving a payment and the steps HMRC will take to get in touch. LITRG has also published information to help people stay alert to scammers pretending to be HMRC.

The payment has been designed to compensate around one million workers who did not receive full income tax relief on the contributions they made into their workplace pension schemes from 2024/25 onwards. HMRC is expected to begin contacting these people this autumn.

Those who are eligible to receive a payment under LEPP will need to have had total income around or below the tax-free personal allowance and have contributed to a 'net pay' pension scheme.

LITRG Technical Officer Sarah Weston said, 'Our guidance is focused on helping people understand what the payment is and what the process for claiming it will be once HMRC get in touch. We want those who are entitled to a payment to feel confident that the information they receive is genuine, and so we are also pointing out how to stay alert to fraudulent activity.'

The information can be found at: tinyurl.com/58sfajep