

SIPP carry forward guide

The information in this guide is correct for the tax year 2025/26.

What is carry forward?

Carry forward allows savers to contribute more than the annual allowance without incurring tax charges.

Through carry forward, contributions that exceed the annual allowance in one tax year can use up unused annual allowance from the three previous tax years.

Although one of the main purposes of carry forward is to reduce or eliminate annual allowance charges that have inadvertently been incurred, it also provides an opportunity to sweep up unused annual allowance that savers have not chosen, or have been able, to use in recent tax years.

This means that contributions can be paid with the purpose of using up the whole annual allowance in the current tax year and the previously unused annual allowance from earlier tax years.

Who can use carry forward?

In order to carry forward unused annual allowance from an earlier tax year, you must have been a member of any registered pension scheme in that tax year. You must also have used up your full annual allowance in the current tax year.

You do not need to have been a member of the scheme to which you are planning to make the contribution.

You can use carry forward if you are subject to the annual allowance taper but you must have used up your tapered annual allowance in the current tax year first.

You cannot use carry forward in a money purchase scheme, like a SIPP or Retirement Investment Account, if you have flexibly accessed your pension benefits – for example by taking a flexible annuity, a lump sum where 25% was tax-free and the other 75% was subject to tax, or any income under flexi-access drawdown.

There is also no requirement for the individual to have made any form of pension contribution in the earlier tax year.

From how many tax years can carry forward be used?

For most savers, annual allowance can be carried forward from the three tax years immediately before the tax year in which they are paying their contribution.

This means that someone who chooses not to make a contribution in 2024/25 will lose the ability to carry forward from 2021/22. They will, however, gain the ability to carry forward from 2024/25.

What is the maximum amount that can be carried forward from an earlier tax year?

The maximum amount that can be carried forward is £40,000 for the 2022/23 tax year and £60,000 for each of the 2023/24 and 2024/25 tax years.

This amount is reduced if contributions have been paid in that earlier tax year or in some cases where contributions have been paid in tax years since that earlier tax year.

Using a basic example, contributions have been paid to Mr Hughes' pension scheme as follows:

Tax year	2022/23	2023/24	2024/25
Contribution paid	£40,000	£40,000	£30,000
Annual allowance remaining	£0	£20,000	£30,000
Cumulative carry forward	£0	£20,000	£50,000

Once Mr Hughes has used up all of his £60,000 annual allowance for the 2025/26 tax year he is able to carry forward up to £50,000 from earlier tax years as well.

Is there a limit on the tax relief I can receive on carry forward contributions?

Tax relief on personal contributions is limited by an individual's relevant UK earnings in the tax year in which the contribution is paid. This applies both to contributions where carry forward is a factor and those where it is not. This means that for personal contributions, it is the earnings in the tax year of payment which are important, not the earnings from the tax year from which you are carrying forward.

For example, someone with relevant UK earnings of £140,000 in the current tax year but no relevant earnings from previous tax years because they had been living overseas would receive tax relief on personal carry forward contributions up to £80,000 (i.e. £60,000 for the current tax year's annual allowance and up to £80,000 for previous tax years' annual allowance).

Alternatively, someone with relevant UK earnings of £40,000 in each of the current and last three tax years would not gain tax relief on personal carry forward contributions. The fact they can carry forward unused annual allowance is academic as they can't pay in more than £40,000 (including tax relief) in the current tax year.

Tax relief on contributions paid by an individual's employer is not linked to the individual's earnings. Employer contributions can be used for carry forward, but tax relief will be dependent on the contribution being paid wholly and exclusively for the purposes of the business's trade or profession.

Can I still use carry forward if I am affected by the tapered annual allowance?

Yes, if you are subject to the tapered annual allowance, you can still carry forward unused annual allowance from previous tax years.

The amount you can carry forward may be reduced if you were subject to the tapered annual allowance in that year.

Further information can be found in our annual allowance tapering guide.

Do I need to complete any forms or provide any other information to use carry forward?

No. There is no requirement to provide any further information or documentation when making a carry forward contribution.

If the annual allowance is exceeded under any single registered pension scheme, the administrator of that scheme will provide information about annual allowance usage for that and the previous three tax years. This information will enable the saver to confirm that they have made use of carry forward when completing their self-assessment return.

Where an individual has not exceeded the annual allowance through any one scheme but believes they may have done so when all of their pensions are combined, they can request this information from their pension provider(s).

IMPORTANT

This information is based on our current understanding of current law, practice and taxation which may be subject to change. This is provided for information only; we do not provide advice. Tax rules can change in the future and the tax treatment depends on your personal circumstances.