

SIPP

Carry forward guide

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

1. 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.

2. 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, if you have flexibly accessed your pension benefits – for example by taking a flexible annuity, a taxable lump sum (known as an ‘uncrystallised funds pension lump sum’), or any income under flexi-access drawdown.

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

3. 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.

So for someone looking to make a contribution during 2025/26 and use carry forward it is typically possible to use unused allowance from 2022/23, 2023/24 and 2024/25.

The three-year tax rule works on a rolling basis. This means that someone who does not choose to make a contribution and carry forward until 2025/26 will lose the ability to carry forward from 2021/22. They will however gain the ability to carry forward from 2024/25.

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

The maximum amount that can be carried forward from any given tax year 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.

Here is a basic example.

Contributions have been paid to Mr Hughes’ pension scheme as follows:

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

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

Tax relief on personal contributions is limited by your 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 allowances).

Alternatively, someone with relevant UK earnings of £40,000 in each of the current and the 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 your employer is not linked to your 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.

6. 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 taper was introduced in the 2016/17 tax year. The amount you can carry forward from 2016/17 onwards 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.

7. 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 you to confirm that you have made use of carry forward when completing your self-assessment return.

Where you have not exceeded the annual allowance through any one scheme but believe you may have done so when all of your pensions are combined, you can request this information from your pension provider(s).