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## All Station/Brigade Reps – Briefing Note 05/17

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### RFU Circular Tax payment – Ill-health and Injury Pensions

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We have recently become aware of an issue whereby HM Revenue & Customs (HMRC) have issued [clarification](#) that some Retained Firefighters who were awarded an injury and ill-health pension were incorrectly paying tax on these pension payments.

Such individuals who did not join the pension scheme but subsequently were awarded an injury and ill-health pension should not, under the compensation scheme rules, be subject to income tax as it is exempt.

Fire Authorities received advice from HMRC that prior to 2006 this was a taxable, the compensation scheme was separated from the main pension scheme under legislation which came into force on 25th January 2007 so arguably these overpayments should be refunded back to this date.

HMRC have advised that they can only correct payroll errors through the overpayment tax relief claim procedure within four years of the current relevant tax period. Any payroll errors that have occurred before that date will need to be compensated for by the authority.

The situation applies to a retained firefighter who (i) didn't join the scheme and prior to 1st April 2014 was awarded an injury and ill health pension for their retained service under the compensation scheme; or (ii) didn't join the scheme and has been retrospectively awarded an injury and ill health pension for his retained service under the compensation scheme, under the protected right granted.

There is general guidance on the HMRC website about making a claim for a refund, [link here](#).

**Local RFU Officials are therefore asked to liaise with their local authority to request that the appropriate measures are in place. This process should identify those in receipt of an ill-health and injury pension who are eligible for a tax refund and are notified as soon as is practically possible.**

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