Pension Types: Relief at source – Net pay arrangement – Salary sacrifice

Pension and Automatic Enrolment (AE) · https://paiyroll.com/kb/pension-types-relief-at-source-net-pay-arrangement-salary-sacrifice/

There are three types of pension that operate differently:

1. Relief At Source (RAS)
2. Net Pay Arrangement (NPA)
3. Salary Sacrifice (SS)

Net Pay Arrangement (NPA) and Salary Sacrifice are deducted from gross pay; Relief At Source (RAS) is deducted from net pay. When gross pay is affected, this may reduce PAYE, NIC or both.

It is critical to understand which type is being used, as tax can only be reclaimed either by the pension provider or through Payroll.

Type	Abbreviation	Gross/Net Deduction	PAYE	NIC	Tax reclaimed
Relief at source	RAS	Net	-	-	By pension provider
Net pay arrangement	NPA	Gross	Reduces PAYE	-	Through payroll
Salary sacrifice	SS	Gross	Reduces PAYE	Reduces NIC	Through payroll