De Courcy
Financial Planning

Your end of tax year checklist

Here's what you need to know to make sure you're taking advantage of your tax allowances.

ISAs

ISAs are one of the most flexible ways to save and invest tax efficiently. Some of the main advantages include:

- The growth and income are free of any tax.
- Your savings and investments can remain in the ISA tax wrapper when transferring between different types of account (such as cash to stocks and shares) or switching providers.
- You can save up to £9,000 a year for each child and grandchild under the age of 18 in a Junior ISA (which does not count towards your allowance).

With the personal savings allowance being low, and the tax-free dividend allowance reducing to £1,000, ISAs are becoming ever more important to have.

- [ ] I've used all my £20,000 allowance for this tax year.
- [ ] My spouse / partner has used all of their £20,000 allowance.
- [ ] I've put £9,000 into Junior ISAs for all of my children and/or grandchildren.

Capital Gains

It is important to think about Capital Gains Tax (CGT) because exemptions and thresholds can make a significant difference.

The tax charge for withdrawing investments that are not in a tax wrapper (such as an ISA) is 10% or 20% depending on your income tax rate. (there is also an additional 8% levy for investment property). These rates are remaining the same, however the CGT annual exempt amount fell to £6,000 in 2023/24 and will reduce further to just £3,000 in 2024/25.

As well as using your ISA allowance each tax year, it's a good idea to take advantage of your CGT exemption. You can transfer assets to your spouse or civil partner to ensure you use both exemptions.

- [ ] I've taken advantage of my annual CGT exemption allowance of £6,000.
- [ ] My spouse or partner has used all of their £6,000 allowance.
- [ ] I've spoken to my adviser about protecting my assets from CGT using tax-efficient wrappers.
- [ ] I've explored gifting to my spouse, civil partner, or charity to take advantage of the CGT exemption.

Pensions

A pension is a great tax-efficient way to save for retirement, however, the rules surrounding contributions can be complex. For example, you may be able to carry over any unused allowances from the previous three tax years, reclaim additional tax relief and even reclaim your personal allowance. Here are some of the benefits:

- Income tax relief of 20% on personal contributions.
- Even if you're a non-taxpayer or earn less than £3,600, you can contribute up to £2,880 and receive tax relief.
- Higher and additional rate taxpayers can claim further income tax relief of 20% or 25% respectively through their self-assessment tax returns.
- Currently if you are over 55 you can withdraw 25% of the value of your fund tax-free (subject to lifetime allowance restrictions)
- The growth within a pension is free of tax.
- In most cases, any pensions you have can be passed outside of your estate and so won't be subject to Inheritance Tax.

- [ ] I've contributed £60,000 (if available) to my pension this year.
- [ ] My spouse or partner has used all of their £60,000 allowance where available.
- [ ] I've put £3,600 (including tax relief) into junior pensions for each of my children and grandchildren.
- [ ] I've spoken to my adviser about carrying forward any unused pension allowances from the previous three years.
- [ ] I'm planning on making a large pension withdrawal in the next couple of years and have spoken to my adviser about the tax implications.

Estate Planning

Plan ahead to ensure you don't leave your family with an unnecessary inheritance tax bill when you die. Take advantage of the reliefs available to you now. There are a range of gift exemptions that can reduce the value of your estate for IHT purposes.

- [ ] I've taken advantage of my annual gift allowance of £3,000.
- [ ] I understand Trust and Business Relief investments and have made use of these where appropriate.
- [ ] I've given a tax-exempt wedding gift of £5,000 to my children or £2,500 to my grandchildren / great grandchildren where appropriate.
- [ ] I've given up to £250 to those who haven't received gifts under any of the other allowances.