

USE THEM OR LOSE THEM

TALKING POINTS | TAX YEAR 2023/24

MAKE SURE YOU'RE NOT PAYING MORE TAX THAN NECESSARY BY TAKING ADVANTAGE OF ALL YOUR ANNUAL ALLOWANCES. HERE'S WHAT YOU NEED TO KNOW.



With the end of the tax year on 5 April 2024 around the corner, now is the perfect time to give your personal finances a spring clean. One of the most important things you can do is to make sure you've made use of

the relevant annual allowances that are of interest to you and your family. You can't carry most of these over to next year so you'll lose their benefits if you don't take full advantage. We've put together this checklist for you to see if you've used the allowances available to you. If any of the boxes are still blank after you've gone through the questions then please get in touch with us to see how we can help your money work even harder for you.

ACT NOW BEFORE IT'S TOO LATE

These measures are not an exhaustive list and there are other tax allowances available. If you would like to find out more about improving your tax position or making the most of your allowances, then please **get in touch** to discuss your options.

ISAs

Individual Savings Accounts (ISAs) are one of the most flexible ways to save and invest tax efficiently. There are lots of different ISA types to consider depending on your individual circumstances and what you're aiming to achieve.

ISAs are also an important source of tax-efficient income for many people, including those who have retired. With the annual tax-free dividend allowance of £1,000 falling to £500 from 6 April 2024, saving in an ISA can help to mitigate the impact of this reduction.

I've used all of my £20,000 allowance for this tax year.

My spouse or 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.

Pensions

A pension is usually the most tax-efficient way to save for retirement. The rules surrounding contributions are complex, particularly if you're a high earner, and it's almost always a good idea to seek advice. For example, you may be able to roll over any unused allowances from the previous three tax years. But exceeding your annual or lifetime allowance can be costly.

If your income is likely to fall in the next tax year for any reason (for example, you're retiring or taking a career break) then it's important to consider whether making additional contributions this year is a good idea. The tax relief is limited to your overall earnings, so any reduction would mean your tax relief on any contribution is reduced.

Currently it is possible to access pensions from age 55, however this will be rising to 57 from 6 April 2028.

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 tax 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.

Charity

You can donate to charity tax free and claim back the tax on your donation through gift aid. If you are a higher or additional income taxpayer, you can also claim back the difference to the basic rate on your gift aid donations. Remember to keep hold of all records of your donations in order to claim tax relief when the time comes to submit your tax return.

I've given a monetary gift to charity this year.

Capital gains

It's important to consider capital gains tax (CGT) because exemptions and thresholds can make a substantial difference. CGT affects assets and property differently when it comes to how much you'll pay, especially with the allowances changing.

At the moment the penalty for withdrawing investments that are not in a tax wrapper (such as an ISA) is 10% on gains for basic rate taxpayers and 20% for higher and additional rate taxpayers (not including the additional 8% levy for investment property). The CGT annual exempt amount is falling from £6,000 in the 2023/24 tax year to £3,000 in 2024/25.

In addition to using your ISA allowance each tax year, it's a good idea to take advantage of your CGT exemption, particularly if you have large unrealised capital gains in an unwrapped portfolio. You can transfer assets to your spouse or civil partner tax efficiently to ensure you're using 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.

If you would like to find out more about improving your tax position or making the most of your allowances, then please speak with your adviser or scan to get in touch with us to discuss what options may be best.

The value of investments and the income from them may go down as well as up and you may not get back what you originally invested.

Tax treatments depend on the individual circumstances of each client and may be subject to change in the future.

Additional information. Additional information. The content contained in this document is for information purposes only and does not constitute as a recommendation to purchase any product or service. You should always take appropriate advice from a professional, who has made an evaluation at the point of investing.

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