Tax year end
10 planning tips

With a few weeks remaining of the current 2020-21 tax year, we are giving you 10 simple tax savings tips to consider before the **tax year end of 5th April**:

1 Use your annual Inheritance Tax gifts exemption of £3,000 by making gifts to loved ones and also consider making regular gifts out of surplus income. These are IHT free and reduce the size of your estate for IHT purposes.

2 Use your pensions annual allowance by making the maximum tax allowable pension contribution available to you.

3 Use your annual ISA allowance of £20,000 by investing in a cash or stocks and shares ISA. Your ISA grows free from capital gains tax or income tax.

4 Use your capital gains tax annual allowance of £12,300 by selling or gifting shares or gifting an interest in a property. 'Use it or lose it' as it cannot be carried forward to future tax years.

5 Use your dividend allowance of £2,000 if you have a company and are able to pay yourself a dividend.

6 Claim back any overpaid tax for earlier years and especially 2016/17 before it's too late.

7 Consider investing in tax incentivised businesses through the Enterprise Investment Scheme, Seed Enterprise Investment Scheme and Venture Capital Trust scheme in order to obtain significant and immediate income tax relief and capital gains tax advantages. You will need independent financial advice.

8 If you are married, ensure that you are maximising your personal allowances and lower rate bands between you. Transfer income yielding assets to your spouse/civil partner if they pay tax at a lower rate. Consider changing the income split to your actual share of ownership of an asset.

9 An individual can transfer up to 10% of their unused personal allowance to their spouse or civil partner provided they are a basic rate taxpayer, i.e. £1,250 for 2020-21, which can be done on your Tax Return. An election to do this can be made up to four years after the end of the relevant tax year, and thus a transfer can still be made for 2016-17 providing the claim is made by 5 April 2021.

10 Avoid a marginal rate of tax of 60% for those with total income in between £100,000 and £125,000 by making personal pension contributions, and donations to UK/EU charities.

Please contact your usual CK contact to discuss how you might take advantage of any of these tips.