GINKGO FINANCIAL
2 Delacourt Road (Unit 1)
Blackheath Royal Standard
London,SE3 8XA
**Email** contact@ginkgofinancial.com
**Phone** 020 3675 9050
**www.ginkgofinancial.com**

AN INTRODUCTION TO

# End of Tax Year Planning

## GETTING TO GRIPS WITH THE BASICS

Your main tax planning opportunities for the 2024/25 tax year

Focus on your pension, ISAs, IHT and CGT

Using your Dividend Allowance

Don't miss the tax year-end deadline – 5 April 2025

We're here to help

**As the end of the tax year approaches, now is the perfect time to ensure you have your financial affairs in order and to double check you've taken advantage of all the tax-efficient allowances available to you.**

## YOUR PENSION

You can contribute as much as you like into your pension, but there is a limit on the amount of tax relief you will receive each year.

This Annual Allowance is currently **£60,000**. An individual can't use the full £60,000 Annual Allowance where 'relevant UK earnings' are less than £60,000, although your employer still could. You may be able to, however, carry forward unused allowances from the past three years, provided you were a pension scheme member during those years.

For every £2 of adjusted income (total taxable income including all pension contributions) over £260,000, an individual's Annual Allowance is reduced by £1 (the minimum Annual Allowance is £10,000).

The Lifetime Allowance of £1,073,100 was removed from 6 April 2024.

If you have children under 18, a spouse who does not work, or who may not be earning enough to pay Income Tax, you can invest into a pension for each of them. The maximum annual contribution you can currently make is **£2,880** which, along with tax relief, would amount to **£3,600** a year.

## YOUR INDIVIDUAL SAVINGS ACCOUNT (ISA) ALLOWANCE

The ISA allowance is **£20,000** for the 2024/25 tax year. You can put all the £20,000 into a Cash ISA, or invest the whole amount into a Stocks and Shares ISA or Innovative Finance ISA. You can also mix and match, putting some into Cash, some into Stocks and Shares and the rest into Innovative Finance if you wish. However, the combined amount can't exceed your annual ISA allowance. From April 2024, it was made possible to subscribe to multiple ISAs of the same type each tax year.

With pension contributions subject to limits, ISAs represent an excellent way of topping up retirement income. There is no Income Tax or Capital Gains Tax (CGT) payable on ISA proceeds. You cannot carry over your ISA allowance once the tax year has ended.

In certain circumstances, investors can use existing holdings to open or top up their ISAs, this arrangement is known as a **Bed & ISA**. This is a way of transferring assets held outside an ISA into an ISA so that future investment income and growth are sheltered from tax. The investments are sold, cash is transferred into the ISA and the investments are repurchased. Charges apply and you could end up with a CGT liability if the gain you make on selling the asset together with any other taxable gains you make within the tax year exceeds the annual CGT allowance.

A **Lifetime ISA** (LISA) is another option available to adults aged under 40, or under 50 for existing LISA holders.

## JUNIOR ISA CONTRIBUTIONS

Junior ISAs are a tax-efficient way to build up savings for your children (and grandchildren) and must be opened by the parent or person with parental responsibility. JISAs can be opened for any child who does not hold a Child Trust Fund (unless the CTF is transferred to a JISA) and who is under 18 and living in the UK. The money can be held in Cash and/or invested in Stocks and Shares.

They work in exactly the same way as your own ISA, however, the maximum investment is **£9,000** per child.

Annual subscriptions for ISAs, LISAs and JISAs have been frozen until 5 April 2030.

## GIFTING FOR INHERITANCE TAX (IHT) PURPOSES

You can make gifts worth up to **£3,000** in each tax year. These gifts will be exempt from IHT on your death. You can carry forward any unused part of the £3,000

**The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.**



*As the end of the tax year approaches, now is the perfect time to ensure you have your financial affairs in order and to double check you've taken advantage of all the tax-efficient allowances available to you*

exemption to the following year but if you don't use it in that year, the exemption will expire.

Certain gifts don't use up this annual exemption, however, there is still no IHT due on them e.g. wedding gifts of up to **£5,000** for a child, **£2,500** for a grandchild (or great grandchild) and **£1,000** to anyone else. Individual gifts worth up to **£250** are also IHT free.

These are relatively small sums, but you should use these up where possible to gradually reduce your overall estate.

### IHT UPDATE

During the Autumn Budget 2024, the freeze on IHT thresholds (£325,000) has been extended to 2030. From April 2027, pension pots will be considered part of taxable estates. This significant shift is likely to result in more estates facing IHT, especially for those who have relied on pensions as a tool for inheritance planning. Business Property Relief (BPR) and Agricultural Property Relief (APR) are also seeing changes, with relief for assets over £1m reduced to 50% from April 2026. This reduction could impact succession planning, particularly for small business owners and family farmers.

### USING YOUR CGT ALLOWANCE

Every individual is entitled to a CGT annual allowance which is currently **£3,000** (£1,500 for trusts). You can't carry forward this relief and so you may look to crystallise gains up to this amount before the end of the tax year. Capital losses can also be used to offset gains.

Above the CGT exemption, tax is payable at 18% for basic rate tax-payers and 24% for higher rate tax payers. These rates were increased from 10% and 20% respectively during the Autumn Budget. The taxable gains on residential property are taxed at 18% and 24% respectively.

Assets can be transferred between married couples and civil partners without incurring a gain until the assets are subsequently disposed of. The disposal could then use both their annual exemptions.

The rate for Business Asset Disposal Relief and Investors' Relief (currently 10%) will increase to 14% from 6 April 2025 and then to 18% from 6 April 2026.

### USING YOUR DIVIDEND ALLOWANCE

For the current tax year, investors can earn up to **£500** in dividend income tax-free.

How much tax you pay on dividends above the Dividend Allowance depends on your Income Tax band:

| | |
|---|---|
| Basic rate | 8.75% |
| Higher rate | 33.75% |
| Additional rate | 39.35% |

### WE'RE HERE TO HELP

With the tax year-end imminent, please get in touch with us as soon as possible if you have any questions or want to discuss any aspect of your end of year tax planning.

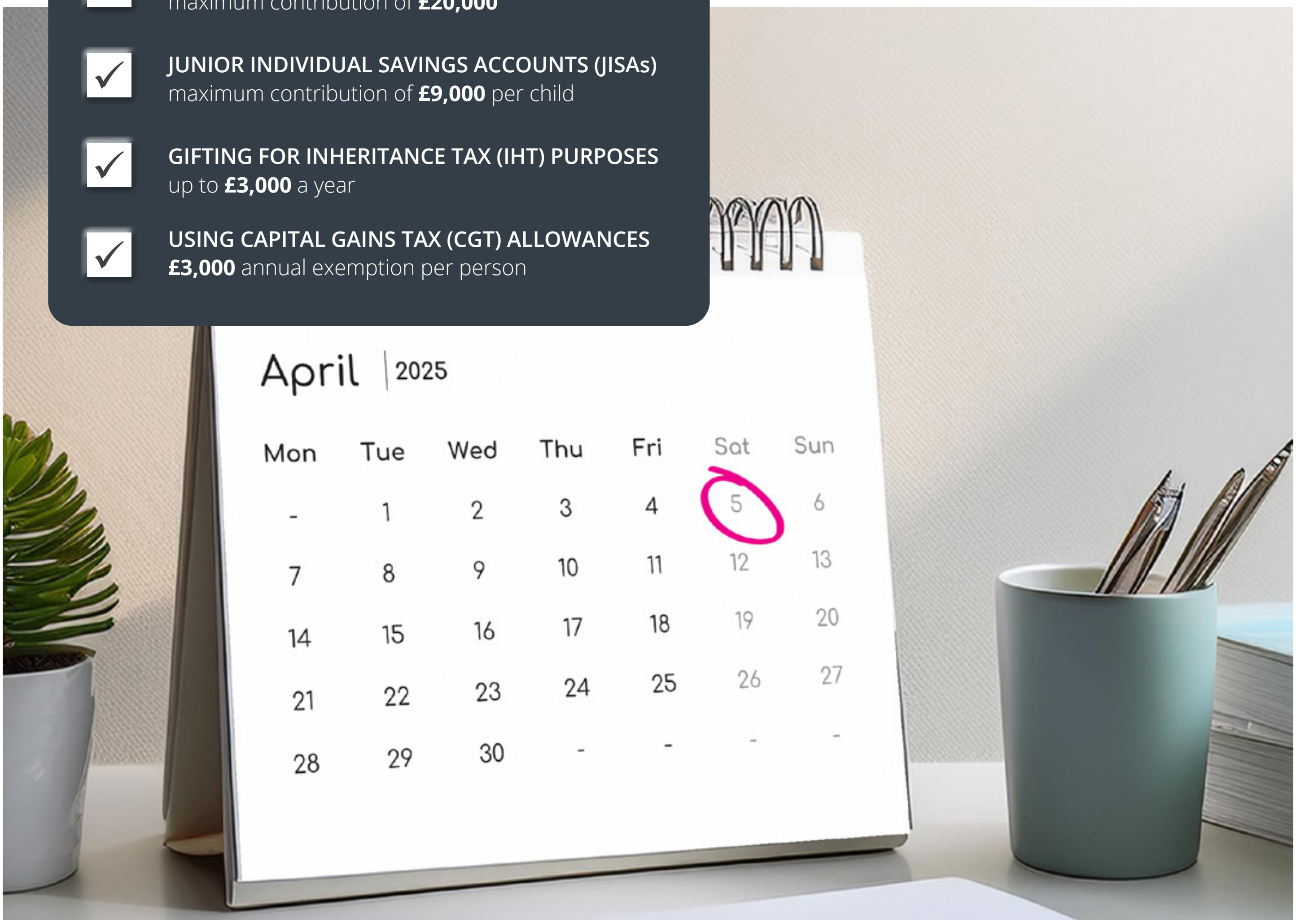
We look forward to hearing from you.

**The information contained in this guide is based on our understanding of current allowances and rates at 05.11.24, which could be subject to change.**

# Tax year-end deadline 5 April 2025

## Here's a reminder of the main tax planning opportunities:

- **PENSIONS**
  current Annual Allowance of **£60,000**
- **INDIVIDUAL SAVINGS ACCOUNTS (ISAs)**
  maximum contribution of **£20,000**
- **JUNIOR INDIVIDUAL SAVINGS ACCOUNTS (JISAs)**
  maximum contribution of **£9,000** per child
- **GIFTING FOR INHERITANCE TAX (IHT) PURPOSES**
  up to **£3,000** a year
- **USING CAPITAL GAINS TAX (CGT) ALLOWANCES**
  **£3,000** annual exemption per person




**Warning statement**

**It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. No part of this document may be reproduced in any manner without prior permission.**

Approver Quilter Wealth Limited, Quilter Financial Limited, Quilter Financial Services Limited & Quilter Mortgage Planning Limited.
09/01/25