



Tax planning opportunities for 2024/25

Regularly reviewing your tax position allows you to remain ahead of any legislation changes and enables you to ensure that you are taking advantage of any allowances or reliefs for which you are eligible.

We have highlighted some tax planning opportunities you should be aware of for the 2024/25 tax year.

Pensions

Effective, early pension planning is vital to having a financially secure retirement. There have been several changes to pension legislation and allowances this year:

- **Annual Allowance (AA):** Utilise your AA of up to £60,000 in 2024/25 and explore carry forward options from the past three tax years, potentially totalling an additional £140,000.
- **Lifetime Allowance:** The Lifetime Allowance limit has been removed from 6 April 2024 and replaced with the Individual Lump Sum Allowance and Individual Lump Sum and Death Benefit Allowance. It is important that you understand the potential impact of this on your retirement and tax planning.
- **Contributions to reduce tax liabilities:** Pension contributions can be utilised to reduce corporation tax bills, mitigate income tax, and potentially reduce National Insurance payments.

Income Tax

There are several allowances available which can minimise the amount of income tax you pay, including:

- **Personal Allowance:** Plan strategically to keep your income within lower rate tax bands and look to preserve your Personal Allowance of £12,570.
- **Dividend Allowance:** Be mindful of the reduction in Dividend Allowance from £1,000 to £500 from 6 April 2024.

- **ISA Allowance:** Consider using your £20,000 ISA allowance in the current tax year as this can't be carried forward. Cash and investments held in an ISA are able to grow free of income and capital gains tax.

Capital Gains Tax (CGT)

CGT needs to be considered if you are selling, transferring or gifting assets. It could be useful to think about:

- **CGT Annual Exempt Amount:** Action may be required due to the CGT annual exempt amount reducing from £6,000 to £3,000 from 6 April 2024.
- **Reinvestment strategies:** Consider options such as selling shares and reinvesting in ISAs, pensions or transfers into your spouse's name to optimise your combined CGT position.
- **Using historic losses to offset CGT:** It may be possible to use capital losses made in previous tax years to reduce your tax charge in the current tax year.

Inheritance Tax (IHT)

IHT planning helps to protect your wealth and maximise the value of your assets - allowing you to pass on more to your loved ones. Some IHT considerations include:

- **Nil rate band:** Leverage your IHT nil rate band of £325,000, which remains frozen until April 2028.
- **Main Residence Nil Rate Band (RNRB):** Understand that the RNRB is £175,000 and plan strategically to make the most of it.

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- **Gifting Allowance:** Consider using your gifting allowance of £3,000 to reduce your taxable estate for IHT. This allowance can be carried forward up to one tax year meaning that you may be able to gift £6,000 this year. You should also review the other available gifting allowances and strategies.
- **Pension and other products:** Money held in pensions is typically excluded from the estate for IHT calculations. Look at options around this and utilising other IHT-exempt investment products.

Investing for children

As part of any tax planning, you may want to consider methods of planning now for your children's future. Some of the ways you can do this include:

- **Junior ISAs:** Maximise tax-efficient options like Junior ISAs, which allow contributions of up to £9,000 annually.
- **Trusts:** Look at options around trust planning to pass on wealth to future generations tax-efficiently.

Self-employed individuals and Partnerships

If you are self-employed or in a Business Partnership, there are other reliefs and changes to be aware of, including:

- **Transitional tax rules:** There has been a change in basis periods impacting self-employed individuals and unincorporated businesses from 6 April 2024.

- **Utilise tax relief:** Consider utilising tax relief options like the Enterprise Investment Scheme (EIS) or Seed Enterprise Investment Scheme (SEIS) to mitigate your tax liabilities.

We are here to help

It can be a complex and cumbersome process ensuring that you're maximising your wealth and planning accordingly, but this is where our specialist financial planners can support.

Our Wealth Management experts can provide a holistic plan that is arranged in the most tax efficient manner possible for your circumstances. We review this plan regularly and deliver proactive advice following any changes to tax legislation to ensure you maximise tax efficiencies over your lifetime.

For more information or discussion on these critical tax planning opportunities, schedule an introductory call with one of our advisors to discuss how you can best optimise your tax position.

[Get in touch](#)

We're here to help

“Do not miss out on ensuring you maximise tax savings through all schemes applicable, and schedule an introductory call with one of our advisors today”

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