



End of tax year housekeeping

With the end of the 2022/23 tax year in sight, we should not forget to review any available tax allowances to ensure that unused tax efficiencies are not lost.

These tax efficiencies can take a broad form, some of which are highlighted below -

Taxation	Allowance/Exemption	Summary
Income Tax	Marriage Allowance	Transfer up to £1,250 of your Personal Allowance to the spouse with a higher income
	Personal Savings Allowance (PSA)	Allocating taxable savings to a spouse or partner in a lower bracket of tax, may increase the Personal Savings Allowance available i.e. Higher Rate PSA is £500 whereas Basic Rate PSA is £1,000
	Dividend Allowance	Consider how dividend producing assets are allocated to take advantage of the Dividend Allowance of £2,000 per person
Capital Gains Tax (CGT)	Annual Exemption	Utilise the CGT Annual Exemption of £12,300 via a Bed & Isa or Bed & SIPP of investments held outside tax efficient wrappers
	Tax reduction	Where a taxable gain is likely to suffer CGT at the higher rate, it may be possible to move this gain into the lower rate tax by making a personal pension contribution, which will extend the basic rate band by the value of the gross pension contribution
Inheritance Tax (IHT)	Annual Exemption	Individuals retain an annual gift exemption of £3,000 which may be rolled over for one tax year if the previous year's exemption was unused.
	Small Gifts Exemption	Individuals may make gifts of up to £250 per individual per tax year, provided that recipient does not also receive part of the donor's Annual Exempt amount.
	Normal Expenditure	A gift is exempt from IHT if it forms part of the donor's normal expenditure and leaves the donor with sufficient income to maintain their usual standard of living.



We must also not forget the use of tax-efficient wrappers -

Wrapper	Allowance	Summary
ISA	£20,000	<ul style="list-style-type: none"> Funds held within ISAs are not subject to Income Tax or CGT It is possible to inherit a deceased spouse's ISA allowance, which is based on the value of the ISA they held at the date of death.
Junior ISA (JISA)	£9,000	<ul style="list-style-type: none"> As with standard ISAs, funds held within JISAs are not subject to Income Tax or CGT. These are available for children under the age of 18.
Lifetime ISA (LISA)	£4,000	<ul style="list-style-type: none"> The Government will give you a 25% bonus on the total you pay into your Lifetime ISA, excluding interest and investment growth. This means that the maximum contribution of £4,000 will receive a tax-free bonus of £1,000. The bonus will apply if you withdraw the funds to help buy a property, if you become terminally ill or from age 60. If you make a withdrawal for any reason apart from the above, a charge of 25% will be applied to the amount you wish to withdraw.
Pensions	£40,000	<ul style="list-style-type: none"> This is the total amount of contributions permissible to a pension in a single tax year, for tax relief purposes. This figure may differ depending on whether you are subject to the Money Purchase Annual Allowance (MPAA) PS don't forget to review your previous three years contributions as you may be able to 'Carry Forward' the unused allowance.

If you have any queries regarding the above, or any strategies that might help you to achieve your goals, please do not hesitate to contact us.