



## Your pre-Budget and tax-year end checklist

The 2018 Budget will take place on Monday 29th October.

Every year the Chancellor makes changes to the rules and regulations governing your personal finances. Some of these are introduced immediately, giving you no chance to plan for the changes. Others will be implemented on 6th April 2019 when we enter the new tax-year.

We don't have a crystal ball and can't predict the changes Philip Hammond may announce. However, it's important you take every possible step to ensure your personal finances aren't negatively impacted by any of the potential announcements Philip Hammond could make.

So, here's our checklist of things you should consider before 29th October.

### Pension contributions

Pension contributions are a tax efficient way to plan for retirement.

Currently, pension contributions:

- Qualify for tax-relief (assuming they are made within prescribed limits)
- Can help higher rate (40%) and additional rate (45%) taxpayers to reduce their taxable income and reinstate some of their lost Personal Allowance
- Can be made based on unused Annual Allowance for up to three years. Consequently, the allowance from 2015/16 must be used by 5th April 2019

**Have you considered whether pension contributions should be made before the Budget, or end of the tax-year, to help you plan tax-efficiently for your retirement?**

Yes

No

N/A

## Capital Gains Tax

The Capital Gains Tax (CGT) allowance is often overlooked and can be a useful tool to help investors reduce tax and maximise returns.

- The annual CGT allowance is currently £11,700
- It must be used in the current tax-year and cannot be carried over
- No CGT is charged when married couples and civil partners make transfers to each other, allowing them to realise the value of investments more tax-efficiently

**Have you considered how you can best use your 2018/19 CGT allowance?**

Yes

No

N/A

## Inheritance Tax

Inheritance Tax (IHT) is payable on estates over a certain value. However, careful planning can help to reduce the amount payable and maximise the value of your estate left to your loved ones and good causes:

- The annual gift exemption allows you to make up to £3,000 of gifts which are immediately excluded from your estate for IHT purposes. However, the amount can only be carried forward for one year. Therefore, on 6th April 2019 you will have lost the ability to carry forward the exemption from the 2017/18 tax-year
- Other annual exemptions apply to certain additional gifts, the allowances, again, may expire if they have not been used

**Have you considered how you can use your 2018/19 annual exemptions?**

Yes

No

N/A

## ISA contributions

ISAs (Individual Savings Accounts) provide a tax-efficient shelter for capital whether it is held in Stocks and Shares or Cash.

- ISA contributions are subject to a maximum annual contribution of £20,000 (£4,260 for a Junior ISA). However, the allowance cannot be carried forward from one tax-year to the next

### Have you used your 2018/19 ISA allowance?

Yes

No

N/A

## Shareholders

The Dividend Allowance was introduced in April 2016:

- It allows shareholders, including both investors and business owners, to receive up to £2,000 in dividends each year free from Income Tax
- Income Tax is charged on dividends over this amount at a rate of 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers

### Have you used your dividend tax allowance for the 2018/19 tax-year?

Yes

No

N/A

## We are here to help

Your focus should be on strategic planning to help you achieve your financial goals. However, events and deadlines inevitably need to be considered. We can help you take advantage of the opportunities and avoid the threats presented by the Budget and tax-year end.

Call us or email to arrange an initial conversation.

### Please note:

The value of pensions and investments [and the income they produce] can fall as well as rise. You may get back less than you invested

Tax treatment varies according to individual circumstances and is subject to change