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YEAR-END TAX PLANNING CHECKLIST 2023/24

With 5 April 2024 fast approaching this checklist is designed to help to plan for the tax year-end and make the best use of the allowances and reliefs available to you in the year. This checklist lists some of the key areas you should consider for your year-end planning. However, It is essential you talk to us in good time to create a tailored action plan suitable for your personal circumstances.

This checklist is created in light of the tax rules as on 19 February 2024

Utilisation of allowances

Personal Allowance (PA)

The first £12,570 of a taxpayer's income is generally tax-free by virtue of the PA. However, your PA reduces by £1 for every £2 that your adjusted net income is above £100,000, reducing to nil once your income reaches £125,140. Thus, where possible, consider deferring taxable income to ensure this does not exceed £100,000. Alternatively, you could consider making charity donations or contributing towards your personal pension. (Please contact us for a full review before taking further action).

Savings Allowances

£1,000 and £500 for basic and higher rate taxpayers, respectively.
There is no savings allowance for additional rate taxpayers.

Dividend Allowance

Have you used your dividend allowance of £1,000, available to all taxpayers?
The annual dividend allowance will reduce to £500 from 6 April 2024.

Utilisation of allowances

£5,000 Starting rate for savings

If your other income (for example employment or pension) is below £12,570, but you earn income through interest on savings, you can qualify for the savings allowance, meaning you could earn as much as £19,570 without a tax liability in 2023/24.

Marriage allowance

If both you and your spouse/civil partner are basic rate taxpayers, you can potentially transfer £1,260 of your Personal Allowance to your partner, saving tax by up to £252.

	CONSIDERED	ACTION REQUIRED
Personal Allowance	☐	☐
Savings Allowance	☐	☐
Dividend Allowance	☐	☐
£5,000 Starting Rate for Savings	☐	☐
Marriage Allowance	☐	☐

Personal Tax – General

Additional rate of tax

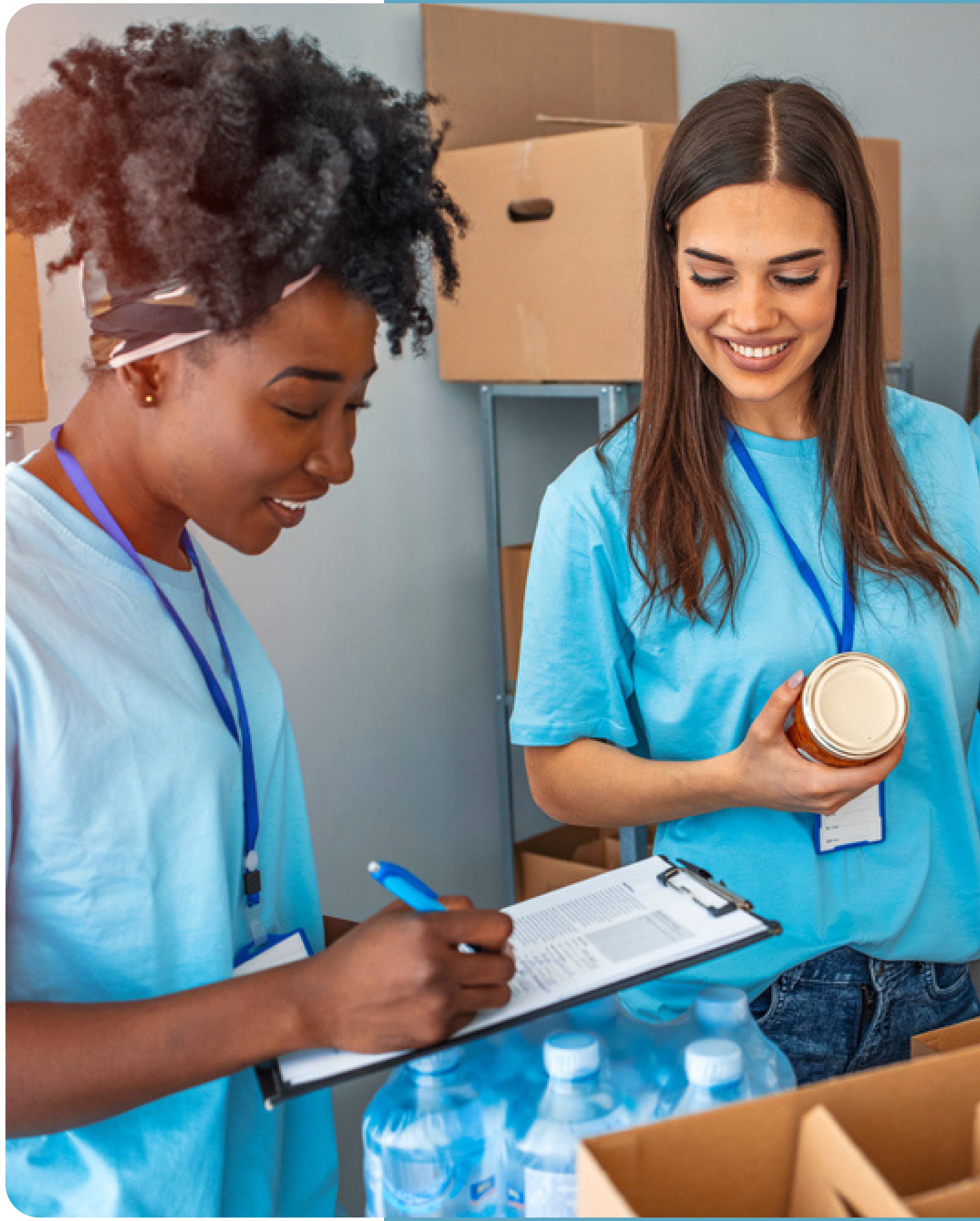
The threshold for the additional rate of Income Tax has been reduced from £150,000 to £125,140 from 2023/24 onwards. Income above this threshold will now be taxed at 45% (savings and other income) or 39.35% (dividend income).

High-income child benefit tax charge

You will start to lose the child benefit if you or your partner have an individual income that's over £50,000. The benefit will be wiped out entirely when they reach £60,000.

Gift Aid

Consider claiming gift aid on your charitable donations. Donations made under the Gift Aid Scheme extend your basic rate band by the donation grossed up by 100/80. This will ensure that more income is subject to tax at the basic rate rather than at higher rates. There are no limits to the amount of gift aid donations you can make as long as not more than four times your tax bill for the year.



Personal Tax – General

PAYE notice of coding

If you are employed or have a pension, it is worth checking your 2024/25 PAYE notice of coding , which HMRC should now have issued. This will minimize the risk of excessive tax being withheld from payments made over the next year.

Inter-spouse transfers

Have you considered equalizing income where possible to fully utilize income tax allowances and threshold bands?

OMB Remuneration Strategy

With the rise in the Corporation Tax and changes to the personal tax band thresholds and the continued higher rates of income tax on dividends, do you need to re-evaluate your profit extraction strategy?

	CONSIDERED	ACTION REQUIRED
Additional rate of tax	☐	☐
High-income child benefit tax charge	☐	☐
Gift Aid	☐	☐
PAYE Notice of Coding	☐	☐
Inter-spouse Transfers	☐	☐
OMB Remuneration Strategy	☐	☐

Pension

Maximise pension contribution

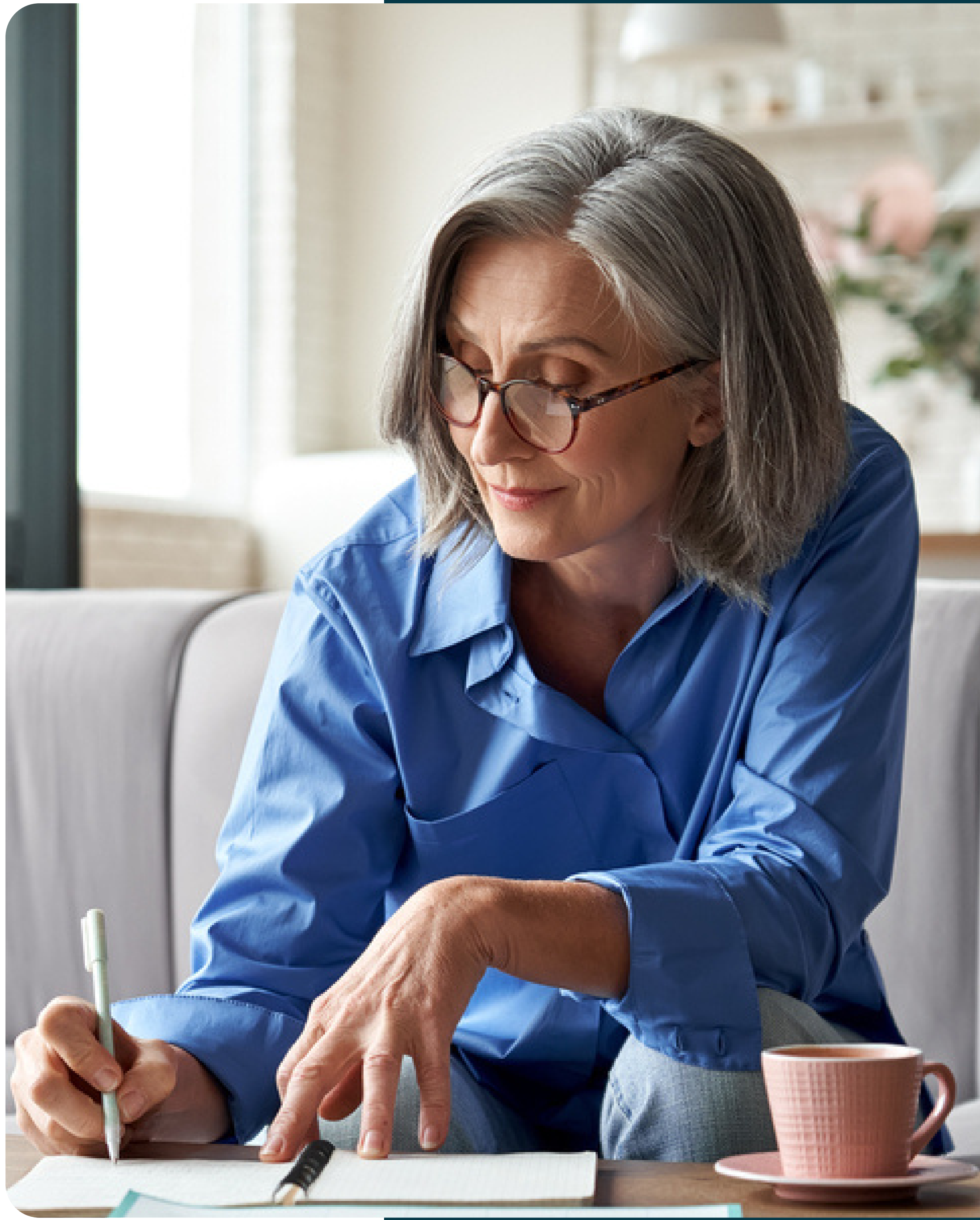
If using pension schemes as part of your retirement plan, have you maxed out your annual contribution for 2023/24?

Pension allowance brought forward

Have you reviewed your unused allowance from the last three tax years? Potentially, you can use your unused allowance from tax years 2021, 2022 and 2023 in the tax year 2023/24.

Employer contributions

Are you in a scheme that means you should be claiming higher rate tax relief? Should you look to make a salary sacrifice for future pension contributions?



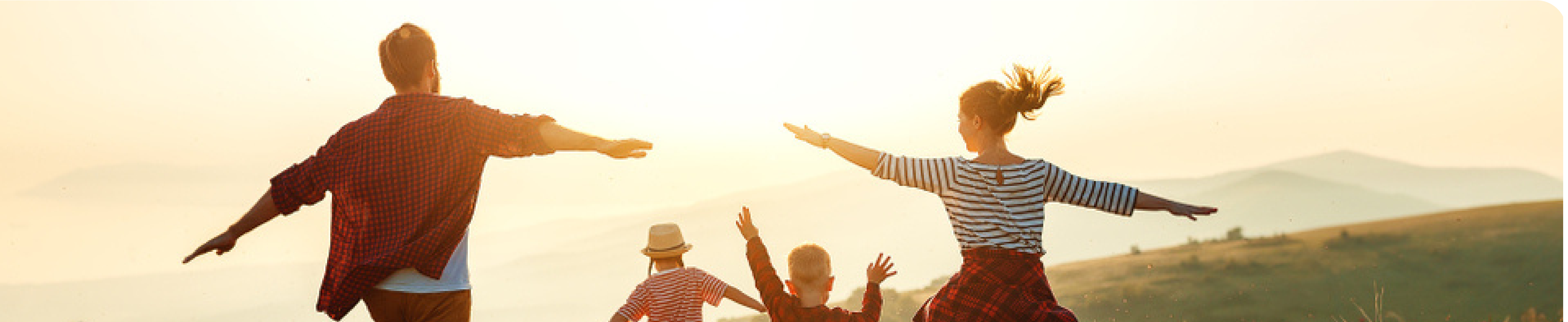
Pension

Contribution to a pension scheme for a family member

Are you aware you can make an annual net pension contribution of up to £2,880 (£3,600 gross) into a pension scheme for a family member if they do not have relevant UK earnings (for example if your spouse is not employed)? You can also set up a Junior SIPP to help save for your child.

Lifetime allowance (LTA)

No LTA charge will arise in 2023/24, although the pension provider still needs to check and issue an event statement on the crystallisation of benefits in the year. From 6 April 2024, the LTA charge is to be abolished. Have you checked how these changes affect you?



	CONSIDERED	ACTION REQUIRED
Maximise Contributions	☐	☐
Allowance brought forward	☐	☐
Employer contributions	☐	☐
Family member contributions	☐	☐
Lifetime Allowance	☐	☐

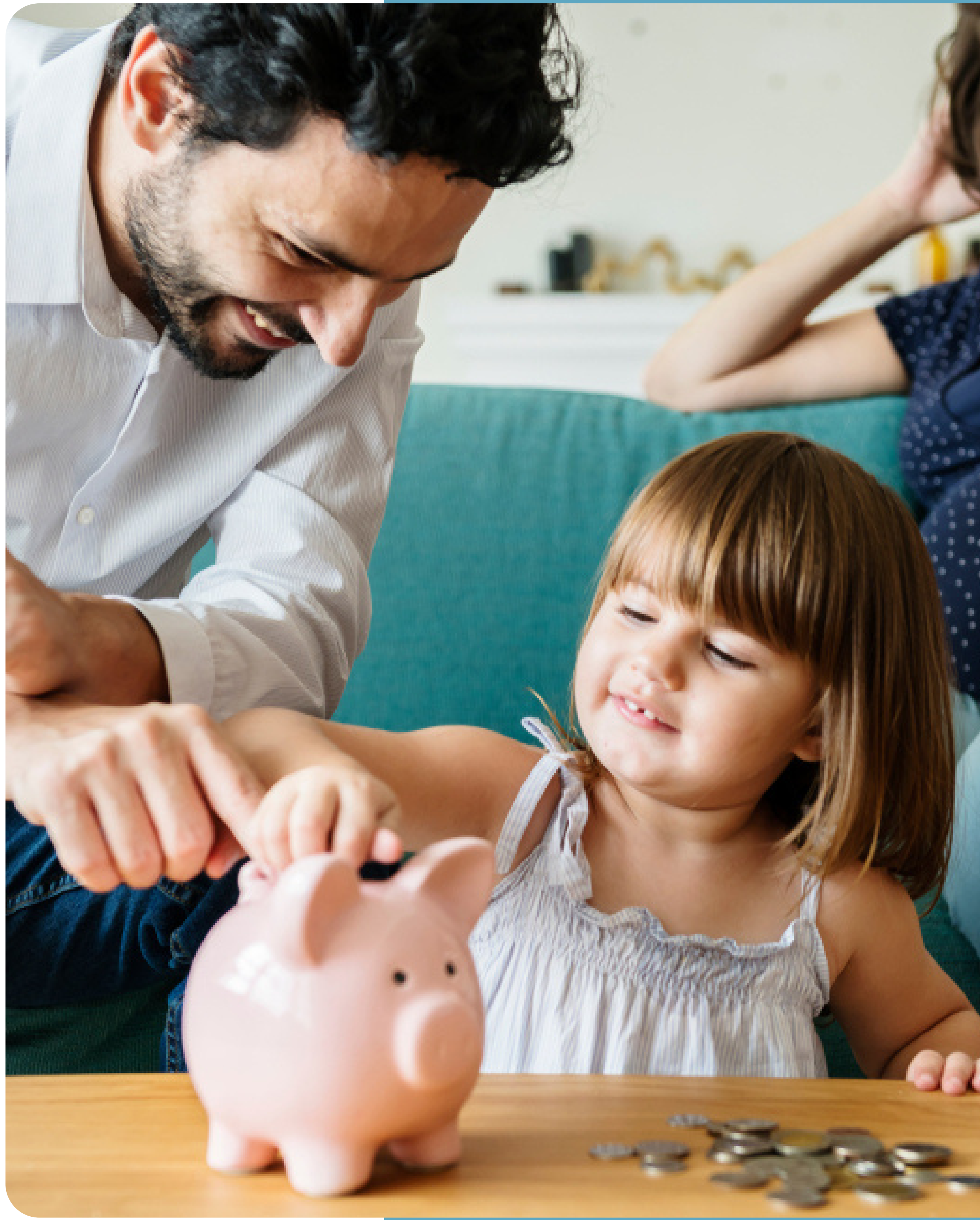
Investment ideas

Individual Savings Account (ISA)

Have you utilised your annual ISA allowance of £20,000 to allow investment income and capital growth to be generated tax free?

Junior ISA

Do you need to consider a Junior ISA? These are long-term, tax-free savings accounts for children (under 18), and you can pay up to £9,000 before the end of the tax year into your children's ISA.



Investment ideas

Have you considered tax-efficient investments such as SEIS, EIS and VCTs?

EIS offers income tax relief of 30% on investments up to a maximum of £1m and allows you to defer capital gains tax. Please note that capital gains on disposal of the EIS shares are not subject to CGT after three years.

SEIS offers income tax relief of 50% on investments up to a maximum of £100k and can provide you with additional CGT relief. Disposals of SEIS-qualifying shares are not subject to CGT after three years.

VCT offers income tax relief on subscriptions of up to £200K, at 30% as well as tax-free dividends and capital gains tax reliefs.

Social Investment Tax Relief (SITR) is intended to encourage investments in social enterprises. You can obtain income tax relief of 30% on up to £1m of investment, provided you retain your investment for three years. Gains on the investment are also free of CGT.

	CONSIDERED	ACTION REQUIRED
Individual Savings Account	☐	☐
Junior ISA	☐	☐
EIS	☐	☐
SEIS	☐	☐
VCT	☐	☐
Social Investment Tax Relief (SITR)	☐	☐

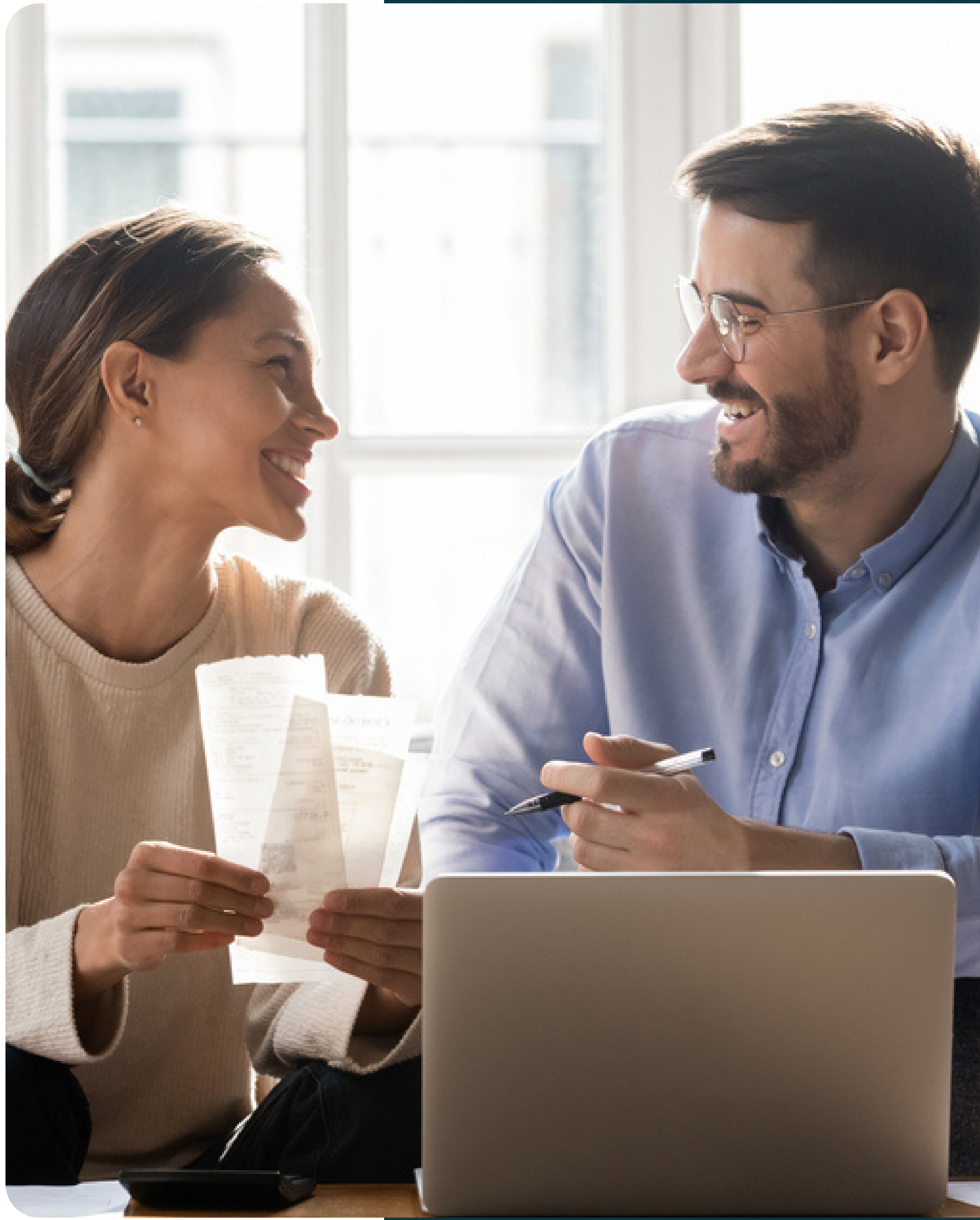
Capital Gains Tax

Annual Exemption (AE)

Have you used your AE for 2023/24 of £6,000? The annual exemption cannot be carried forward or transferred, so aim to make disposals before 6 April 2024 to utilise this year's exemption. From 6 April 2024, AE reduces to £3,000.

Inter-spousal transfers

Assets transferred between married couples, or civil partners do not normally give rise to a capital gains tax charge. Consider transferring assets to your spouse or civil partner, to utilise their annual exemption or capital losses.



Capital Gains Tax

CGT Reliefs

Do you need to claim any reliefs, for example:

Business Asset Disposal Relief (BADR)

If you are contemplating the sale of your business make sure you have arranged your affairs such that you can claim BADR. Under BADR qualifying gains of up to £1m are taxable at the reduced rate of 10%. Please contact us to review the qualifying conditions for the relief.

Private Residence Relief (PPR)

Have you disposed of a property that you have not lived in throughout ownership? There are reliefs available that may still exempt the gain. Please note if you dispose of a property this needs to be reported online within 60 days of completion.

Holdover relief

Have you made any gifts of qualifying property that could allow the gain to be deferred on?

	CONSIDERED	ACTION REQUIRED
Annual Exemption	☐	☐
Inter-spousal transfers	☐	☐
Business Asset Disposal Relief	☐	☐
Private Residence Relief	☐	☐
Holdover relief	☐	☐

Inheritance Tax Planning

Year-end tax planning

Annual exemption

Have you utilised your annual exemption of £3,000? This can be carried forward for one year only. Annual exemptions can be a useful tool to slowly distribute cash during an individual's lifetime without triggering Inheritance Tax (IHT).

Normal expenditure out of income

Should you be making a gift out of normal income? Significant gifts can still escape IHT if made as part of your normal expenditure i.e. if it is habitual and occurs year on year.

Gifts on marriage

Lifetime gifts on marriage are exempt from inheritance tax and can be a good way to transfer valuable assets (say, a family heirloom) to your kin. The amount of exemption depends on the relationship between the donor and the recipient as follows: gift to your child-£5K, to grandchild- £2.5K any other individual example niece or nephews- £1K.

	CONSIDERED	ACTION REQUIRED
Annual Exemption	☐	☐
Normal expenditure out of income	☐	☐
Gifts on marriage	☐	☐

Inheritance Tax Planning

Long-term planning - An introspective review

Inheritance tax planning

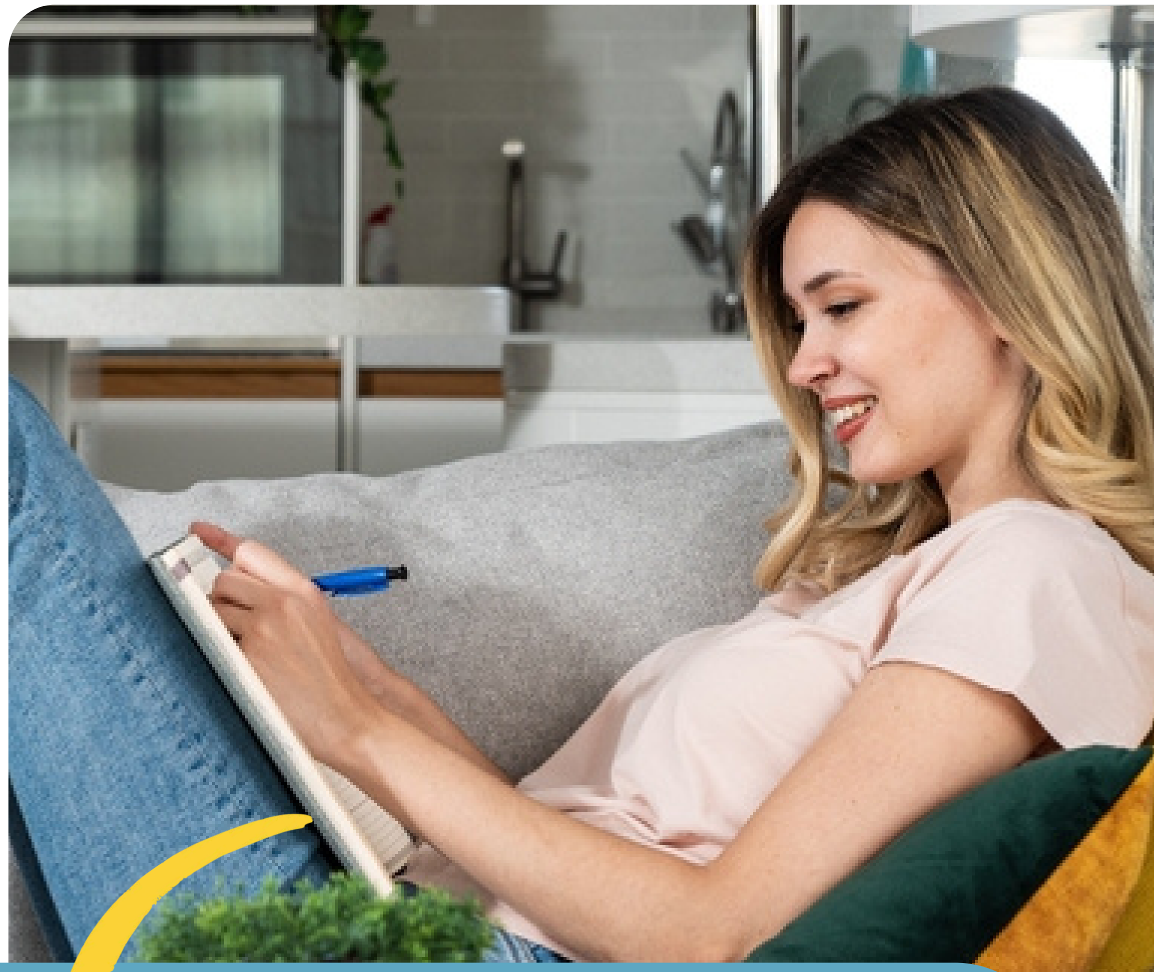
- Is setting up a trust a suitable tax planning option for you? If so what type of trust would be best suited for me and my family?
- Should you explore the option of setting up family investment companies (FICs)?

Review of tax efficiency of your Will

- Do you have a written Will in place?
- Is the Will tax efficient?

Succession planning

- Are you planning on selling your business? If so, what is the most tax-efficient way for your situation to proceed with the sales agreement?
- Are you planning to introduce the next generation of family members to the business ownership structure? What are the CGT, income tax and IHT implications and what is the most efficient way to proceed with your situation?



	CONSIDERED	ACTION REQUIRED
Inheritance tax planning		
Review tax efficiency of Will		
Succession planning		

Business Tax

Accounting dates

For sole traders and partnerships, will you be impacted by the Basis Period Reform and do you need to plan for this?

Incorporation

Have you recently considered if tax can be saved by incorporating your business?

Capital Allowances

If you're thinking of purchasing new equipment, do you need to purchase this before 5 April 2024 to maximise tax allowances?

Business Tax

Long-term planning- An introspective review

Annual Investment Allowance (AIA)

The AIA has been permanently set at £1m limit. Thus, businesses can continue to invest in plants and machinery in the future without complex tax calculations. In addition, are you taking full advantage of the new full expensing rules?

Research & Development (R&D)

The SME scheme and the RDEC (primarily claimed by large companies) will merge from 1 April 2024, giving a company tax credit of 20% that can be recognised 'above the line' as taxable income, with a notional tax at 19% applying to loss-making companies. For profit-making companies paying tax at the main rate, the R&D relief continues to be 15p per £1 of qualifying spend.

Corporation tax (CT)

The main rate of CT of 25% introduced from 1 April 2023, continues to apply for 2024/25 for companies with profits above £250,000, with the 19% rate remaining in place for smaller companies under the Small Profits Rate of £50,000. If you are running a medium-sized company, you may want to re-evaluate your profit extraction strategy and if it is still beneficial for you to run your business via a company.

	CONSIDERED	ACTION REQUIRED
Accounting dates	☐	☐
Incorporation	☐	☐
Capital allowances	☐	☐
Annual investment allowance	☐	☐
Research & Development	☐	☐
Corporation Tax	☐	☐

YOUR ACTIONS

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