

As we approach the end of the 2023/24 tax year, there are a number of planning opportunities to consider to ensure the annual tax allowances and exemptions available to you are being utilised:

Capital Gains Tax (CGT) annual exemption

Individuals have a CGT annual exemption each year (£6,000 for 2023/24, reducing to £3,000 from 6 April 2024). Gains within this limit are tax-free. This is useful where shares are held outside an ISA and you are looking to sell, perhaps to fund an ISA subscription.

If you are thinking of making a larger disposal, spreading this across more than one tax year can save tax. But it is worth noting that the CGT exemption cannot be carried forward from one tax year to the next.

It may be worthwhile to crystallise available losses to offset against capital gains.

Pension contributions

Tax relief is available at an individual's highest rate of tax, although relief is limited to contributions of £60,000 per annum and £10,000 for the highest earners. These limits were lower up to 5 April 2023.

Unused relief can be carried forward for three years, but is then lost.

Contributions in excess of available allowances will attract a tax charge.

Charitable donations

Gift Aided donations to UK registered charities qualify for tax relief at the donor's marginal rate of tax. They can also be related back to the previous tax year if made before your tax return is submitted to HMRC.

Be careful to only Gift Aid charity donations if you are a taxpayer. If you do not pay tax in the UK, you will be required to 'make good' with HMRC the tax reclaimed by the charity.

Personal Allowance preservation

Where income exceeds £100,000, the tax-free allowance of £12,570 is reduced. Both pension contributions and Gift Aid donations can preserve the full allowance and give an effective rate of relief of up to 60%.

Inheritance Tax annual exemption of £3,000

Each person has an Inheritance Tax annual exemption available each year of £3,000. This amount can be given to anyone, for any reason, with no Inheritance Tax implications.

The allowance can be carried forward, but only for one year, after which it will be lost.

There are other exemptions available for gifts; more detail can be found in our Inheritance Tax Brief Guide.

Tax efficient investments

For example: Enterprise Investment Schemes (EIS), Seed Enterprise Investment Schemes (SEIS) and Venture Capital Trusts (VCT)

Investment in any of the above schemes could provide Income Tax relief of up to 30% for EIS and VCT or 50% for SEIS investments and the eventual sale of the shares may also be exempt from tax. Capital gains can also be deferred against EIS & SEIS investments.

For more details please see our specific Brief Guides.

Individual Savings Accounts (ISAs)

For 2023/24, individuals can contribute up to £20,000 to ISA accounts, which give tax-free income and capital gains.

The limit of £20,000 is across all ISA products including the cash ISA, Lifetime ISA, Innovative Finance ISA and Stocks and Shares ISA (the limit for contributions to a Junior ISA for 2023/24 is £9,000).

From 6 April 2024, a new allowance will be available but any unused allowance from the previous year will be lost.

Equalising income levels/assets between spouses

Where one partner earns significantly less than the other, it is worth considering transferring income producing assets to the lower earner.

For example, moving high interest earning bank accounts or transferring shares into joint names to ensure the Personal Allowance of £12,570, as well as the Dividend Allowance of £1,000 and Personal Savings Allowance of £1,000 for basic rate taxpayers (£500 for higher rate), are being utilised by both parties.

Find out more

For further information, advice and guidance please contact one of our specialists:

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This is a general illustrative guide only and individual professional advice should be obtained on specific issues.
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