Broadcast

FACTSHEET: TIME TO KEEP A TAX PLANNING RESOLUTION?

SPECIAL ISSUE

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As 2025 gets under way, it is once again the time of year to start considering your tax year-end planning.

The early months of the year are the time to undertake year-end tax planning. Unsurprisingly, the traditional drivers have been the tax year-end (Saturday 5 April 2025) and the Spring Budget. On this occasion, after last October's blockbuster, there is no Spring Budget, although Rachel Reeves will deliver a Spring Forecast in late March. In the wake of that Autumn Budget, there is plenty to consider:

- **Pension contributions:** The Budget announcement that pensions will fall within the scope of inheritance tax (IHT) from 2027/28 makes the review of pension contributions slightly different from previous years. For most people, pensions remain a highly tax-efficient way of saving for retirement, but for the wealthy few unconcerned about retirement income, they are no longer the estate-planning tool of choice.
- **Capital gains tax (CGT):** Capital gains tax rates increased in the Budget to 24% for higher and additional rate taxpayers and 18% for other taxpayers. If you have not used your annual exemption – now just £3,000 of gains – you should consider doing so after what has been a generally good year on the world's stock markets.
- **IHT:** Now is the time to use your annual exempt amount (£3,000 per tax year) for 2024/25 if you have not already done so. If you did not use your full exemption from 2023/24, you can also gift the unused element after you have exhausted this year's exemption.

- **Marriage allowances:** If you or your spouse/civil partner had income below the personal allowance in 2020/21 (£12,500), you have until 5 April 2025 to claim the marriage allowance for that year (£1,250), which could produce a tax saving of up to £250. A claim can only be made if the other partner was a basic rate taxpayer (starter, basic or intermediate rate in Scotland) in that tax year. The same principle applies (with an allowance of £1,260) for 2021/22 and subsequent years onwards.
- **Threshold planning:** The long-term freezes that have applied to income tax allowances and many thresholds may mean you move into a higher tax band in the coming tax year. Equally you could find yourself crossing the unchanged £60,000 threshold for the high-income child benefit charge or the £100,000 threshold for personal allowance taper and loss of tax-free childcare. Among the strategies to beat the unmoving thresholds, you could bring forward income into 2024/25 (e.g., by closing an interest-paying account) or move some income-generating investments across to your (lower income) spouse or civil partner by 5 April.

It is best to seek advice before taking any action – in tax, errors can be costly and difficult to unwind.

We can help

If you need further information, please call us on **01753 888 211** or email **info@nhllp.com**. We would be happy to help.