RutherfordHughes Ltd
Independent Financial Advisers & Wealth Managers

Tax Year End Tips 2019/2020 Volume 1 / Issue 1

ISA'S

It's worth bearing in mind that if you had taken full advantage of the ISA scheme each year, you could by now have invested nearly £230,000.[1]

HMRC, Individual Savings Account (ISA) statistics, April 2019

Trust, Confidence, Professionalism

USE IT DON'T LOSE IT - SEVEN STEPS

1. Inheritance Tax: Give now (to your family)

Giving away money and assets while you are alive is perhaps the most rewarding way to reduce a future IHT bill. You can give away up to £3,000 a year, as well as make any number of small gifts up to £250. The value of those gifts will fall outside your estate immediately.

These could make a real difference to a child or grandchild's future, perhaps at university, if they are raising a house deposit, or when they start out at work. You could also consider contributing to a Junior ISA or investing up to £2,880 a year in a pension. Bear in mind that one person cannot receive both a small gift and any of your annual gifting allowance in the same tax year.

It is also possible to utilise any unused gifting allowance from the previous tax year. By combining individual contributions, couples can potentially gift up to £12,000 by 5th April.

2. Inheritance Tax: Give away income you don't need

There is no limit on the number of regular gifts you can make out of your income, provided these don't affect your standard of living. Keeping a record will speed up checks made later by HMRC – something you should remember for any gifts you make.

Inheritance Tax; - it is, broadly speaking; a voluntary levy paid by those who distrust their heirs more than they dislike the Inland Revenue – Roy Jenkins

3. Income Tax and Corporation Tax: Save more into a pension

An individual can save up to £40,000 into a pension in a tax year. Once this has been utilised, it is possible to carry forward unused allowances from the previous three tax years. Anyone, or a company, considering a large pension contribution should do so before the allowance in 2016/17 tax year is lost forever.

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4. Income Tax and Capital Gains Tax: Top up your ISAs

If you have not fully utilised your ISA annual allowance (£20,000), you should do so now. Even if you have, you still have the possibility of topping up your ISA by repaying anything you have drawn out or by investing the equivalent of the charges taken from your ISA.

5. Capital Gains Tax: Utilise your Capital Gains Tax Allowance

If you have investments with gains in them, consider selling some of them so that you realise a profit up to the allowance of £12,000. The money raised can then be spent tax free or reinvested with a higher base cost. This reduces the future potential tax liability.

6. Income Tax: Transfer of Personal Allowances between Spouses and Civil Partners

The Marriage Allowance allows married couples and civil partners to transfer £1,250 of a non-taxpayer's allowance to their partner who pays basic rate tax. You must apply to HMRC to claim this.

7. Income and Capital Gains Taxes: Invest in EIS, VCT and SEIS

All three investment schemes are given significant tax breaks by the Government. However, they are considered high risk as you are investing in smaller, younger companies. This is an area where qualified advice is essential.

We are Independent Financial Advisers and Wealth Managers based in Newcastle upon Tyne; we've been helping our clients to meet their financial goals for over 30 years. We are experienced and easy to talk to. We believe in establishing and maintaining long-term relationships, so we can assist our clients through every stage of their lives. We understand that financial matters can be challenging, we are specialists and pride ourselves on giving tailored advice. Please do not hesitate to contact us so we can help guide you through your own personal journey.

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