

TaxAbility

2023-24 Personal Tax Edition

TaxAbility

2023/24 Personal Edition

Spend 7 minutes completing this tax-busting checklist and start cutting all your tax bills down to size!

Have you spoken to us about this recently?

You and your family

- | 1 | <p>Have you made a will? Have you updated it recently? And is it Inheritance Tax efficient?</p> <p><i>Tip: There are many compelling reasons for writing a will. For example, without one it could be up to the courts to decide who will be the guardians of your children and thousands of pounds in unnecessary tax and legal costs may be incurred. Why make things even worse for your loved ones? Make a will now!</i></p> <p><i>Tip: If you are having a will drawn up it may be worth considering having a Lasting Power of Attorney drafted at the same time, to save costs. This enables you to nominate a trusted individual to deal with your affairs in the unfortunate event that you cannot deal with them.</i></p> | Yes | No | N/A |
|---|--|-----|----|-----|
| 2 | <p>What happens to your family and business if you are ill or die? Do you have life assurance, private health insurance, Income Protection and critical illness cover?</p> <p>Is your Life Insurance policy tax efficient as it can be an allowable expense from your business.</p> <p>Have you reviewed your policies recently? Are they still the best policies for you?</p> | Yes | No | N/A |
| 3 | <p>If you give money to charity, have you made sure that the Taxman makes your donation even bigger by using, for example, Gift Aid and payroll giving?</p> <p><i>Tip: It is quite easy to get the Taxman to contribute a significant amount (to both the charity and possibly to you) every time you make a donation. It is also possible to make a gift in one tax year and carry it back to the previous year, subject to certain conditions.</i></p> | Yes | No | N/A |
| 4 | <p>Have you made full use of the fact that each of your children can earn up to £12,570 in 2023-24 as income and £6,000 a year in capital gains - completely tax free?</p> <p><i>Tip: Grandparents can be the key here, since it is not as simple as parents putting money in their children's names. So you will need professional advice.</i></p> | Yes | No | N/A |

Tip: There are also other allowances, such as dividend allowance and savings allowance that can be made use of to increase the possible tax savings further.

5 Have you maximised the government contributions into pensions for your children? Yes No N/A

Tip: You can contribute up to £2,880 net per child into personal pensions for them each year. The Government will add up to a further £720 per annum for each. The investment will not suffer any annual taxes and cannot be drawn for many years.

6 If your estate is large have you considered Yes No N/A

- Inheritance tax planning?
- Taking out an insurance policy that will pay your inheritance tax bills when you die?
- Using lifetime gifts to avoid paying inheritance tax altogether?

Tip: One of the saddest aspects of our job is having to tell families that up to 40% of everything their loved ones worked so hard to build up and earn must be handed over to the Taxman. And it's made even sadder by the fact that it is all so unnecessary. The truth is that, by acting early enough, most people can prevent the Taxman getting as much. There are many issues involved in getting all this right – so professional advice is essential.

Tip: Given the recent and future changes planned to Inheritance Tax and Trusts, it is worth undertaking at the very least an Inheritance Tax Health Check.

7 If you are intending to pay for private education for your children, have you taken steps to either put enough money aside to fund it, and/or explored the possible tax breaks to make the money go further? Yes No N/A

Tip: There are no tax breaks specifically designed to help parents finance their children's education. But if you are fortunate to have other family members (usually grandparents) who want to contribute towards the costs, then there are some very tax efficient ways of making this possible. Depending upon the circumstances a number of tax efficient options are available. Care is needed, and professional advice should be taken.

8 Have you used the legitimate ways to reduce your tax bills by transferring income from a spouse paying tax at higher rates to a spouse paying tax at lower rates? Yes No N/A

Tip: At the very least you should aim to make sure that neither spouse wastes their £12,570 tax free allowance in 2023-24, and the many other allowances, including savings allowance and dividend allowance – but early professional advice is essential. In particular, care needs to be taken not to divert income

deriving from a spouse's company if that spouse substantially performs the work.

Your investments

- | | | | | |
|----|--|-----|----|-----|
| 9 | <p>Have you reviewed your investments to ensure that they are appropriate and performing well? Are they giving you the right balance of income and capital growth?</p> <p><i>Tip: Financial advice should be taken to ensure the right investments are made for your circumstances and the risks you wish to take.</i></p> | Yes | No | N/A |
| 10 | <p>Have you considered investments that give you a tax free return? For example: National Savings Certificates, Friendly Societies and ISAs</p> <p><i>Tip: You can invest up to £20,000 a year in an ISA and £9,000 into a junior ISA in 2023-24. Don't forget there is also the new Lifetime ISA for those under the age of 40.</i></p> | Yes | No | N/A |
| 11 | <p>If your spouse pays tax at a lower rate than you, have you considered passing some of your investments to them in order to reduce your combined tax bills?</p> | Yes | No | N/A |
| 12 | <p>If some of your investments have done very well and grown in value have you considered whether it is sensible to sell some of them to save yourself even higher tax bills in the future?</p> <p><i>Tip: Everybody is allowed to make £6,000 in tax free capital gains a year, but many people waste this tax free allowance and end up paying higher tax bills later. Don't join them!</i></p> <p><i>Tip: "Bed and breakfast" investment is no longer possible. But you may still be able to save tax by selling shares and buying them back more than 30 days later, or having your spouse by them back.</i></p> | Yes | No | N/A |
| 13 | <p>If you own any buy-to-let properties, have you considered owning them jointly with your spouse/civil partner?</p> <p><i>Tip: For Capital Gains Tax purposes and Inheritance Tax purposes, it can often be more advantageous to hold assets jointly. However, if one of the couple is a higher rate taxpayer and the other pays tax at basic rate, then annual income tax bills may be higher than necessary. Owning the property jointly, as tenants-in-common, will allow the couple to allocate the income in unequal shares, e.g. say 90% to the basic rate spouse and 10% to the higher rate taxpayer. Why not ask for a property impact review to see how recent property tax changes may impact upon you over the next few years.</i></p> | Yes | No | N/A |

- 14 Have you considered the three main ways of getting tax relief on the full cost of your investments and not just on the interest you earn on those investments? Yes No N/A

Tip: The main examples are pensions, venture capital trusts and investments through the enterprise investment scheme or under the investors' relief rules. Some of these can be very risky. Never invest more than you can afford to lose and always take professional advice before investing.

- 15 If you are considering investing in property (other than your home), have you considered taking out a loan to finance the purchase? Yes No N/A

Tip: Even if you don't actually need to borrow now, it may still make sense to borrow and use your spare capital for other purposes. The reason for this is that you may get tax relief on the interest you pay on the loan – provided it was for a qualifying purpose - which makes it one of the cheapest ways to borrow money.

- 16 If you are considering investing in a second residential property perhaps for your children to use while at University, have you thought about the new higher rates of Stamp Duty/Land and Buildings Transaction Tax/Land Transaction Tax on second properties? Yes No N/A

Tip: If the property is for your children to use, it may be better for your children to buy the property in their names. If they are going to share the property with fellow students they could perhaps claim rent a room relief.

- 17 If you have one or more residential properties that you rent out and have significant mortgages against then from April 2020 the amount of tax relief for the interest you pay on these loans was reduced. Have you considered your options? Yes No N/A

Tip: For some people the reduction in tax relief on loan interest may not be an issue, whereas for many other landlords it could result in a significant increase in their tax burden and seriously reduce the return on their investments.

Tip: There are options that can be considered and we would be happy to help illustrate the potential impact and consider the options available.

This checklist is designed to alert you to some of the major issues you should be considering. It is not a replacement for professional advice tailored to your precise needs and circumstances.

We strongly recommend that you contact us today to discuss any questions where you have answered “no”.

Alternatively return your completed checklist to us and we will contact you.

No action should be taken without first taking professional advice.
No responsibility for any loss to any person from acting as a result of this material can be accepted by us.