



TAX PLANNING CHECKLIST

PLANNING POINT	EXPLANATORY NOTE
Have your ISA limits been used?	<p>For 2020/21, each adult has an ISA limit of £20,000, and the Junior ISA has a limit of £9,000. Interest earned on amounts deposited up to these limits is not subject to tax.</p> <p>The new Lifetime ISA is open for investments of up to £4,000 per year for those aged between 18 and 50.</p>
Have you maximised your pension contributions?	<p>The annual allowance for tax-relieved pension contributions in 2020/21 is £40,000. Unused allowances from up to three previous years can be brought forward and used, provided you were a member of a registered pension scheme during the years in question.</p>
If you own a limited company, have you maximised your tax free/basic rate profit extraction?	<p>Tax-free allowances and your basic rate band do not carry forward if they are not used, and are wasted.</p>
Have you considered splitting trading income or rental profits with a spouse or civil partner?	<p>Splitting profits allows two separate personal allowances and basic rate bands to be utilised.</p>
Could you transfer investment shares to a spouse or civil partner if they are expected to pay dividends before 5 April 2021?	<p>Transfers of assets to a spouse or civil partner do not incur capital gains tax. Splitting dividends allows two separate personal allowances, dividend allowances, and basic rate bands to be utilised.</p>
For serial investors, have you considered making a qualifying investment under one of the tax advantaged venture capital schemes before 5 April 2021?	<p>There are income tax and capital gains tax incentives to making qualifying investments under government approved schemes:</p> <ul style="list-style-type: none">• the enterprise investment scheme• venture capital trusts• seed EIS• social investment tax relief

Have you reviewed your investment portfolio to ensure you utilise your annual allowance for capital gains tax?	The capital gains tax annual exemption for 2020/21 is £12,300. Transferring shares to a spouse or civil partner before a disposal could mean two lots of exemption can be used to offset gains.
If you have made capital gains in the year, do you have assets standing at a loss that you could crystallise to offset them and reduce the tax?	Current year losses are offset against in year gains prior to the deduction of the annual exemption. You only need to crystallise enough to bring the remaining gains down to the annual exemption otherwise it is wasted.
Have you utilised your inheritance tax annual allowance and exemptions?	Each individual can give away £3,000 per year, as well an unrestricted “small gifts allowance” of £250 per donee per year without then needing to satisfy the seven-year rule. The wealth is out of the estate immediately and so not later subject to inheritance tax.

For further information and help, please contact us

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