

Tax Years: Goodbye 2019-2020 and Hello to 2020-21

In a less than a month's time - 5 April - the 2019-20 tax year expires. This is the last chance to consider tax planning options. After this date many of the options to utilise allowances and claim reliefs to reduce tax for 2019-20 will disappear.

There are a number of the reliefs to consider and the list below is by no means exhaustive.

Income tax

- If you and your married partner are basic rate tax payers and one of you has not earned enough to cover their basic Income Tax personal allowance – £12,500 for 2019-20 – it may be possible to transfer part of the unused allowance to their partner via the Marriage Allowance.
- If you receive child benefits, and the income of either parent is set to exceed £50,000 you will have to repay all, or part of the benefits received and file a self-assessment tax return.

Inheritance Tax

- Have you utilised the various annual, tax-free gifts exemptions for 2019-20?
- If your personal circumstances have changed during 2019-20 e.g. marriage, divorce, bereavement - have you changed your Will and/or considered the IHT consequences?
- Have you made any significant gifts in excess of tax-free limits? What are the IHT consequences?

Pension Contributions

- Have you reviewed your pension contributions for 2019-20? According to the pundits, higher rate tax relief may be reduced in the budget. In which case, 2019-20 may be the last year to claim those higher rate reliefs.

Capital Gains Tax

- Have you utilised your £12,000 tax-free allowance for Capital Gains Tax purposes?
- Could you transfer assets that you are about to sell into joint ownership with your spouse and divide the gains between you?
- If you have purchased a second home during 2019-20, have you considered your private residence relief options?

Dividends

- Do you have an opportunity to draw up to £2,000 tax-free from your company in dividends? No additional tax to pay. Only applies to the first £2,000 in dividends you take.

This list is the tip of the tax planning iceberg. Every tax payer's circumstances are unique and require individual attention and consideration. If your personal or business tax affairs are complex we would recommend that you speak to your accountant or a tax specialist before the deadline.

Published in the Wigan Observer – 10th March 2020