



Pre-Budget Tax Health Check – Autumn 2018

The Autumn Budget is fast approaching. Although we don't yet know what changes the Chancellor will announce, it is possible that the rules surrounding tax relief for pension contributions will be changed.

However, there is still time to benefit from the current arrangements. Those who can should make use of any unused tax reliefs, allowances or exemptions before they are lost, either due to any Budgetary changes or at the start of the new tax year in April 2019.

Here are a few reminders, but please note, this list is not exhaustive. Everyone's circumstances are different. You should take advice to make sure your financial and tax affairs are reviewed on a regular basis.

Higher and additional rate income tax payers can use pension contributions to reduce their taxable income and help to restore some, or all, of their Personal Allowance.

The pensions carry forward rules currently allow any unused Annual Allowance to be utilised for a maximum of three tax years – therefore 5th April 2019 is the last opportunity to use any available allowance from 2015/16.

Income tax relief for pension savings at higher rates may not be around forever – additional and higher rate tax payers may wish to pay more into their pensions to maximise their tax relief.

Pension contributions can also help families to retain their Child Benefit, which is progressively reduced if an individual's adjusted net income is more than £50,000.

Utilise the Capital Gains Tax (CGT) annual exempt allowance – currently £11,700 – as this allowance cannot be carried forward. Spouses and civil partners can transfer assets between themselves to make the most of their annual CGT allowances.

Reduce the size of your estate for Inheritance Tax (IHT) purposes by utilising the annual £3,000 gift exemption – remember, any remaining amount can only be carried forward for one year, so last year's gift exemption will be lost on 6th April 2019. Unlimited individual gifts of £250 can also be made, as long as you haven't used another exemption on the same person.

Maximise annual subscriptions into ISAs and JISAs (currently £20,000 and £4,260 respectively) as if not used these will be lost at the end of the tax year.

Business owners and individuals should make use of the £2,000 Dividend Allowance before the end of the tax year wherever possible.

**For a detailed review tailored to your specific circumstances, please speak to one of our Consultants.
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