

## Tax Year End Countdown

Are you prepared?

On 5 April 2021 the 2020/21 tax year closes and, with it, the opportunity to utilise a number of generous allowances and exemptions.

Now is a great time to review your finances and plans for the future. To avoid missing out, you may wish to consider the following:

- ❑ **Pension contributions** - make use of your annual pension contributions allowance (between £4,000 to £40,000 subject to your level of income). You can also make contributions on behalf of family members (even if they are not earning). With several changes having been made to pension allowances in recent years, it is worth reviewing your entitlement closely, and regularly reviewing your pensions against your Lifetime Allowance. We can help you work out how to contribute to your pension in the most tax-efficient way, and make sure you are making the most of any carry-forward allowances from previous years.
- ❑ **Pay into an ISA** - consider utilising your ISA allowance (up to £20,000 for 2020/21), as this cannot be carried forward. Lifetime ISAs and Junior ISAs are also worthwhile opportunities, and we can help you recognise which ISAs will suit your circumstances, and the different annual limits associated with each.
- ❑ **Take profits from existing investments** - you may wish to consider utilising the 2020/21 annual Capital Gains Tax exemption (£12,300 per person). This allowance can often be forgotten about, but is potentially valuable if you own investments outside of tax-free wrappers (ISAs and pensions). There has been recent media speculation that the government might increase CGT in the future, but the government is yet to announce any changes.
- ❑ **Consider other opportunities** - Including:
  - **Venture Capital Trusts** - for some clients, VCTs may be a good alternative tax-efficient investment opportunity.
  - **Annual Gift Exemptions** - you may wish to use your annual gifting allowance to family and friends, in order to reduce the size of your estate for Inheritance Tax purposes.
  - **Charitable Giving** - in the wake of the COVID-19 pandemic, charities are in need of extra support now more than ever. Those wishing to support these causes can also reduce their 2020/21 income tax or CGT liabilities through charitable donations.
- ❑ **Talk about it** - discussing these options with a qualified, independent, professional adviser will help you get organised, prioritise your objectives and ensure you do not miss out on any of these opportunities. Investing a small amount of time now can save you more in the long term, so you can focus on the things that really matter.

If you would like to find out more information about Saunderson House or you would like us to review your portfolio, in a cost-free initial meeting please get in touch.

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