

Tax planning 2024/25



# Find your tax relief

**Invaluable advice** to  
maximise your allowances



# Opportunities you should consider this tax year

**Making the most of your available tax reliefs and allowances each year can help you build the financial future you want.**

But changes introduced by the government in April have significantly reduced some valuable tax-saving opportunities. On the other hand, the recent changes to pensions taxation could boost the retirement savings plans of many individuals.

This makes it even more important to understand what's changed and to take action now rather than leave it until the end of the tax year.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation, and relief from taxation, can change at any time and are dependent on individual circumstances.

## ✓ Put as much money as possible into your ISAs

**Your ISA allowance remains at £20,000 in this tax year.**

The opportunity to shelter your money from Income Tax and Capital Gains Tax is a great way to boost your savings over the longer term. Changes to the taxation of income and capital gains from April 2024 make that opportunity even more valuable.

## ✓ Check your spouse or partner has also maximised their allowance

**Tax planning as a couple makes sense.**

With the government clamping down on tax breaks for investors, a couple putting away up to £40,000 in tax-efficient ISAs is a smart way to help build capital for the future.

## ✓ Invest up to £9,000 into Junior ISAs for children

**Saving for children through a Junior ISA is a long-term opportunity.**

Investing it in a way that can make the most of the tax breaks on offer will give them a better head start. And it's a great way to pass money to the next generation, tax efficiently. A parent or legal guardian must open the Junior ISA, but after that, anyone can contribute.

## ✓ Think about spreading a pension withdrawal

**From age 55 (set to rise to 57 in 2028), you can take out up to 25% of your pension pot tax free. The rest is charged at your usual Income Tax rate.**

If you're coming up to retirement and thinking of making a large withdrawal from your pension, then we can help you. Spreading the withdrawal over two or more tax years could minimise your Income Tax liability.

## ✓ Consider paying as much as you can into your pension

**If you're at the point in your life when you could increase your pension contributions, then do it!**

The Budget in March 2023 delivered some significant changes to pensions taxation, for higher earners in particular. The headline announcement was the scrapping of the lifetime allowance, which limits the total value of pension benefits you can build up without being liable for a tax charge. The annual allowance, the maximum pension contribution on which you can receive tax relief (subject to earnings), was also raised to £60,000.

These changes could present real opportunities to boost your pension pot. You might also be able to carry unused allowances over from the last three tax years. Check whether you used your full allowances each year, from 2021/22 onwards. The tax changes introduced by the government in April make tax wrappers like ISAs and pensions even more important to use in full.

## ✓ Make the most of your Capital Gains Tax (CGT) exemption

**Your CGT exemption is now just £3,000**

From April 2024, it was cut to £3,000. It's still important to make the most of your exemption to realise gains and consider reinvesting that money into ISAs and pensions to avoid further taxation.

## ✓ Reduce your taxable income

**If you're a high earner, you may be able to bring down your taxable income by putting more money into your pension or making charitable donations.**

This has a number of advantages. You can bring your income down below the threshold for paying additional rate tax, which has reduced to £125,140. It may also help you retain your Personal Allowance.

Finally, reducing your taxable income may help you hold onto your Child Benefit, which is gradually withdrawn if one parent in the household earns more than £60,000.





## ✓ Make a gift

**You can gift up to £3,000 in this tax year.**

That money will fall outside of your estate immediately, which means it won't be liable for Inheritance Tax. You can also use last tax year's allowance if you haven't already done so, although that opportunity will be lost after 5 April.

## ✓ Make the most of your Dividend Allowance

**In this tax year, the first £500 of dividend income is tax free.**

But that's only half what the allowance was last year. That makes it even more important to consider whether existing investments could be moved into more tax-efficient ISA or pension wrappers. The change also reduces the opportunity for business owners to take dividend income instead of salary to minimise National Insurance contributions.

## ✓ Undertake a tax health check

**A professional adviser can check that you're taking full advantage of your tax reliefs and allowances.**

Tax matters cut across every aspect of your finances, which means they can have great bearing on your financial wellbeing. With reductions in tax allowances looming, now's a good time to check in with us to make sure you're taking maximum advantage of them before the deadline.

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# What next?

In taxing times, let us help you get your finances into the best possible shape.

We can help you. Get in touch today.



## SJP



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