

Personal tax planning

Year-end checklist

With the self-assessment tax year end approaching there are several tax planning opportunities you may wish to consider, such as the following:

- Are you utilising your personal allowance efficiently?
- Are you ensuring your personal allowance is preserved if there is risk of it being restricted due to your income exceeding the £100,000 threshold?
- Have you utilised your annual £2,000 tax free dividend allowance?
- Are you paying enough National Insurance contributions (NIC) to be entitled to your state pension? You can pay a salary of up to £8,788 for 2020/21 to contribute to your National Insurance contributions without incurring any employer or employee Class 1 NIC charges.
- Or are you paying too much NIC due to being employed and self-employed, or because of having more than one employment?
- Are you utilising your pension contributions annual allowance of £40,000 of pension contribution per year?
 - Personal contributions extend your tax rate bands by the gross amount of your pension contribution, but this is only effective if you're a higher rate tax payer.
 - Pension contributions through salary sacrifice may be more tax effective for basic rate tax payers and for employers.
 - Employer contributions are a tax-free benefit.
- Is your pension annual allowance at risk of being tapered down to £10,000 (£4,000 from April 2020) due to the level of your income, resulting in potential tax charges for excess pension contributions? Personal, employee and employer contributions count towards the annual allowance, not just personal and employee contributions.
- Do you have rental income, self-employment or a profitable pastime with minimal expenses? If so, you can use the trading allowance of £1,000 or the property allowance to reduce your potential tax liability.
- If you are considering selling a residential property, Capital Gains Tax returns will need submitting and the CGT liability paying within 30 days of the date of completion if the property is sold after 6 April 2020.
 - This already applies to residential and commercial property sales for non-UK residents
- Do you require a review into how your financial affairs can be more effectively managed and structured for Inheritance Tax purposes?

If you would like to discuss any of the above or any other tax matters ahead of your year end, please don't hesitate to get in touch at [smithcooper.co.uk/contact](https://www.smithcooper.co.uk/contact).