Scholes
Chartered Accountants

Tax Planning Checklist 2024/25

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Tax Planning Checklist

With the current tax year having begun on 6 April 2024, it is important to utilise all the tax reliefs and allowances available before 5 April 2025 in order to minimise your liabilities.

That is why the team at Scholes has compiled the following checklist of the key investment and tax planning ideas that you should be considering.

We hope that you find this checklist useful, but please bear in mind that this only provides a summary of the options you should be considering and not all options will be suitable for everyone. Therefore, for more information on any of the ideas outlined or for detailed advice tailored to your specific circumstances, please **contact us**.

Tax Planning

Business Tax

	YES	NO
Dividend Taxation: Have you utilised the 0% Dividend Tax Band of £500? Balancing dividends against regular pay requires careful consideration to set the right remuneration approach.		
Corporation Tax: The Corporation Tax rate for companies with profits of less than £50,000 is 19% thanks to the small profits rate. For companies with profits exceeding £250,000, they will pay the top rate of tax at 25%. Businesses with profits between these thresholds benefit from marginal rate relief to reduce their effective rate of Corporation Tax. If you face a higher rate of tax due to your profitability you could, for example, increase your pension contributions or fund the purchase of a company car so that your taxable profits remain below your desired threshold.. Businesses with profits between these thresholds benefit from marginal rate relief to reduce their effective rate of Corporation Tax. You may also want to carry over losses into the new tax year to reduce your overall levels of profitability. If you face a higher rate of tax you could, for example, increase your pension contributions or fund the purchase of a company car so that your taxable profits remain below £50,000. You may also wish to consider whether it will still be tax-efficient to run your business as a corporate body.		
Incorporation: If you are trading as a sole trader, partnership or Limited Liability Partnership should you consider incorporation to a Limited Company as a more tax-efficient business structure?		
Self-employment: Since April 2024, compulsory Class 2 National Insurance (NI) have been abolished, and the rate of Class 4 NI contributions has fallen to 6%.		
Capital Allowances: Have you purchased any required items before your business year-end to ensure these allowances are available a year earlier? The Annual Investment Allowance will now remain at £1 million, so you should make sure you make use of this and the other capital allowance scheme. This now includes the permanent Full Expensing scheme, which provides a 100% First Year Allowance on capital expenditure on qualifying new plant and machinery capital for companies liable for Corporate Tax.		
Research and Development Tax Credits: Have you claimed for all your eligible R&D projects to take advantage of the significant benefits available? The SME and R&D Expenditure Credit (RDEC) schemes merged from 1 April 2024, significantly simplifying the process. Under the scheme, a taxable credit which is a proportional (currently 20% headline rate, pre-tax) of the qualifying expenditure will be available for profitable companies and loss-making companies can benefit from a 16.2% net benefit under the merged scheme. Additional SME relief will be made available for loss-making small businesses considered to be R&D intensive, if 30% or more of expenditure relates to R&D.		
National Insurance: Have you considered the impact of the increase to employer's National Insurance rates? The rate of employer's contributions will increase by 1.2 percentage points to 15% from 6 April 2025.		

Tax Planning

Personal Tax

	YES	NO
Tax Freeze: The Government has continued to freeze rates on most personal tax allowances until 2028, apart from Inheritance Tax, which will now be frozen until 2030. This means that millions of taxpayers are likely to be pushed into higher tax bands as further inflation increases their wages and income. Have you considered how this will affect you?		
Income Tax: The threshold of the additional rate of Income Tax of 40% is £125,140. The personal allowance Is £12,570 but if your total income is above £100,000 than for every £2 above this figure the personal allowance is reduced by £1. Are you taking steps to minimise the rate of tax you pay and preserving the personal allowance?		
Capital Gains: Have you used your annual exemption for 2024/25 of £3,000? Be aware that since 30 October 2024 the Capital Gains Tax rate for lower rate taxpayers has risen from 10% to 18% and for higher and additional rate taxpayer it has increased to 24% from 20%. The CGT rate applicable to trustees and personal representatives will also rise from 20% to 24%.		
Exchange your Salary for Benefits: Consider exchanging part of your salary for payments into an approved share scheme or additional pension contributions, to take you below the £100,000 threshold.		
Inter-spouse Transfers: Have you maximised capital gains and income tax rates and allowances through these exempt transfers? For individuals whose annual income is between £100,001 and £125,140 this is an ideal way of reducing your tax liabilities as this preserves the personal allowance.		
Marriage Allowance: Have you considered whether you or your spouse are entitled to claim the marriage allowance? This enables one spouse to transfer 10% of their tax free personal allowance to the other, saving up to £252 in income tax.		
Child Benefit Threshold: If you or your partner has an income exceeding £60,000, child benefit payments are reduced and withdrawn entirely if your income is more than £80,000. If you find yourself in this situation, have you considered seeking professional tax advice?		
Childcare: There are a range of reliefs to support the cost of childcare. However, if your adjusted net income exceeds £100,000, you won't qualify for the extended 30 free childcare hours or the Tax-Free Childcare scheme.		
Company Car: Time for a new car? Have you thought about how switching to an electric vehicle could reduce the benefit in kind tax that you pay?		
Directors Loans: Have you used the tax-free interest amount on any loans to your business? Depending on your income level, you could save up to £500.		

Tax Planning *continued*

Personal Tax

	YES	NO
Stamp Duty Land Tax: If you are looking to purchase a home, or second home, have you considered stamp duty? If you are purchasing an additional property to your main home you may face a 5% surcharge on top of the current rates of stamp duty. From 1 April 2025, the nil rate threshold which is currently £250,000 will return to the previous level of £125,000. Meanwhile, the nil rate threshold for first time buyers, which is currently £425,000, will return to the previous level of £300,000. Finally, the maximum purchase price for which First-Time Buyers Relief can be claimed, which is currently £625,000, will return to the previous level of £500,000.	☐	☐
Non-dom status: From 6 April 2025, the Government will replace the current UK non-domiciled tax rules with a residence-based system. This includes a four-year foreign income and gains regime and a ten-out-of-twenty-years residence test for Inheritance Tax on non-UK assets.	☐	☐

Inheritance Tax Planning

	YES	NO
Estate Planning: A Will is an important element to managing your estate and final wishes. However, if no Will has been made, you should seek advice on how to structure your assets in a tax-efficient manner, including benefits from Business Property Relief and pension assignments.	☐	☐
Personal Gifts: Making gifts reduces the size of your estate, hence the inheritance tax payable. The Resident Nil Rate Band (RNRB) was introduced in 2017 and applies to a residence passed, on death, to a direct descendant. It was introduced in stages – £150,000 initially, rising to £175,000 (2020). There is now a nil rate band of £325,000 plus RNRB of £175,000, – which, in total, provides an IHT allowance of £500,000 per person, so a married couple could have a £1 million allowance, where any unused allowance is passed to the surviving spouse. Estates worth over £2 million will start to lose the RNRB, with it being withdrawn at a rate of £1 for every £2 over £2 million. Therefore, reducing your estate to below £2 million will enable the estate to obtain RNRB. Have you made gifts up to the annual inheritance exemption of £3,000 and if none was made in the previous year you can make a gift up to £6,000 before the end of the tax year. In addition, you can make a small gift of up to £250 to various individuals. Other gifts may be free of IHT but it is important to seek advice first.	☐	☐
Charitable Gifts: If you leave at least 10% of your net estate to charity a reduced rate of 36% rather than 40% applies and could save your family money.	☐	☐
Trust Funds: There are many ways that a formal trust fund can protect and maximise your family's future assets. There have been a number of changes to the treatment of trust funds recently which are complex and could affect some people. If you are considering setting up a Trust, seek advice.	☐	☐
APR and BPR: Looking further ahead, from April 2026, both Agricultural Property Relief (APR) and Business Property Relief (BPR) will be limited to the first £1 million of qualifying assets, which will receive 100% inheritance tax relief. Any value of these assets exceeding £1 million will be eligible for a reduced 50% relief, effectively halving the inheritance tax payable on the portion of the assets above this threshold.	☐	☐

Pensions

The information on this page relates to pensions and some of the surrounding tax implications, but is for general guidance only. Where pensions and investments are concerned, a financial adviser should be contacted.	YES	NO
Protecting a Large Pension: The LTA has been abolished entirely since April 2024 and replaced with the lump sum allowance (LSA) will limit the tax-free cash you can get from your pension to £268,275. The lump sum and death benefit allowance (LSDBA) will limit the total amount of tax-free cash you can get in your lifetime and when you die to £1,073,100, in most cases. You should consider how this affects your current later life plans.		
Stakeholder Pensions: All UK residents including children can make annual net contributions of £2,880 per year (£3,600 gross) regardless of whether they have any earnings. There are ways of using these payments to keep below the £60,000 income threshold to retain child benefit. It is also a very beneficial way of giving your children a helping hand for the future. If pension investments were to grow at a rate of 9% every year, investing £2,880 a year for your 10 year old child could result in a maximum pension pot of £1 million by the time he or she is 68 years old.		
Pension Drawdown: If you are 55 or over, you may be able to start drawing down pension benefits now from a personal pension such as a SIPP, even if you are still working. You may take up to 25% tax-free with the rest taxed at your marginal rate. Anyone who is entitled to flexible drawdown and who is considering retiring overseas should seek advice on potential additional tax savings available to them. Be aware that from 6 April 2028, the normal minimum pension age will increase to 57. Will this affect your plans?		
Annual Pension Allowance: Have you used your full pension allowance? You can invest up to £60,000 a year into a pension tax-free. Relief from previous tax years, capped at the previous rate of £40,000, can be carried over from the current tax year, plus the three previous tax years, allowing you to use unused allowance to top up your pension.		
Make Tax-free Pension Contributions: Pension contributions made to employees by an employer are tax efficient. If you own the company you can claim a business tax deduction. Where employees exchange some of their salary in return for a larger pension contribution made by the employer both parties can save on national insurance contributions.		
Retirement Planning: Have you ensured that you have a suitable plan in place to meet your needs in retirement? There are many tax reliefs and investment opportunities available that can increase your income and savings in retirement.		
IHT on unspent pensions pots: From April 2027, unused pension savings may be included in your estate for IHT purposes. Have you considered the impact of this change?		

Investment Ideas

The information on this page relates to the tax implications of certain investments, but is for general guidance only. Where investments are concerned, a financial adviser should be contacted.

	YES	NO
ISAs: Have you used your maximum annual investment of £20,000?		
Junior ISAs or Child Trust Fund: Has £9,000 been invested for any child under the age of 18?		
Help-to-buy ISAs: New accounts were closed from 30 November 2019, but those with existing accounts can still save but must make use of savings by 30 November 2029.		
Lifetimes ISAs: Introduced in April 2017, you must be aged between 18 and 40 to open a Lifetime ISA. The Government will provide a bonus of 25% on the money you invest up to a maximum of £1,000 per year. You can save up to £4,000 a year, and can continue to pay into it until you reach 50.		
Investment schemes: Please note that tax relief on investment schemes listed below only refunds tax paid/payable by you i.e. if you are not a taxpayer there is no tax repayment due on your investment. Therefore, seek tax advice.		
Tidying-up your Investments: Have you realised investments and bond gains or closed deposit accounts where funds may be attracting negligible rates of interest?		
Take Advantage of Share Schemes: If your company offers a share scheme, such as a share incentive plan (SIP) or a sharesave (SAYE) there are usually price discounts and tax incentives for taking part.		
Enterprise Scheme: Have you considered these investments, which offer income tax relief of 30%, as well as possible capital gains tax deferral? Take advice as 30% tax relief is only available if you have paid tax that covers this amount and if no income tax relief is claim the EIS investment may incur capital gains when disposed.		
Venture Capital Trust investment: Have you considered VCTs, which provide 'front end' income tax relief on subscriptions of up to £200,000, as well as tax-free dividends and capital gains tax reliefs?		
Seed Enterprise Investment Schemes: Although investing in an SEIS can carry more risk than an EIS or VCT, there is substantial tax relief available to offset a large part of potential losses.		
Community Investments: Share purchases or loans to a Community Development Finance Institution (CDFI) qualify for tax relief. Over a period of five years relief is provided at 5%, providing 25% relief in total.		
Social Enterprise Investments: Investing in certain 'social impact' organisations can attract social investment tax relief (SITR) of 30%. The limits have been changed this year. The amount of qualifying investment a qualifying social enterprise can raise has, in most cases, increased to a maximum of £1.5 million over its lifetime.		
Life Assurance Bonds: Insurance backed bonds allow 5% of the original capital to be withdrawn each year tax-free. Although you need to consider commissions, management costs and basic rate tax charges within the bond, the 5% tax-free withdrawal is still attractive to anyone whose level of income means they will lose their personal allowance and pay 45% income tax.		
Offshore Bonds: As with UK bonds, 5% of the original capital invested can be withdrawn each year tax-free. Although they are taxed in full when disposed of they provide a useful way of deferring tax.		

Succession Planning

	YES	NO
Selling a Business: Are you thinking about selling a business or part of a business as part of your succession plan? You need to consider the personal and business tax implications of a sale. The sale of shares could lead to capital gains while selling part of your business or assets could create chargeable gains for Corporation Tax.	☐	☐
Management Buyout: If you are seeking a management buyout the structure of the transaction could have a substantial impact on how much tax each party pays. Have you considered how the new management will be remunerated? Will the sale be achieved through shares or assets? Are deal costs tax-deductible? Is Stamp Duty due on the transfer or sale of property?	☐	☐
Business Asset Disposal Relief: From 6 April 2025, the value of the relief will change from 10% to 14%, and then the benefit will change again from 14% to 18% from 6 April 2026.	☐	☐
Passing a Business on to a Family Member: Gifting a business or shares in a business to a family member is still considered a disposal for Capital Gains Tax. Depending on when you pass on after gifting a company, the value of its shares and assets could also be included in calculations for Inheritance Tax but you could take advantage of Business Property Relief which reduces the value of a business or its assets by up to 100%. Have you considered the tax implication of transferring your business to family?	☐	☐
Gift Holdover Relief: This allows you to gift a capital asset without paying tax at the time of disposal. Instead, the gain is passed to the recipient and deducted from their base cost. There are two types of Holdover Relief. One applies to gifts of business assets, while the other covers business and non-business assets that are immediately chargeable to Inheritance Tax.	☐	☐

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