End of year checklist

For the 2018/19 tax year

Have you…

Fully used your personal allowance and basic rate band especially between spouses/civil partners?
The simplest way to achieve this is through amending the ownership of certain income generating assets, as it can be advantageous to move income generating assets into a spouse's name if they are a basic rate or non taxpayer. Assets jointly held by married couples/ civil partners will always be taxed 50:50 unless an election is made to reflect the true beneficial ownership.

Reviewed your 2018/19 expected income level?
If your income is going to be in the £100,000 to £123,700 bracket, where your personal allowance is tapered resulting in the dreaded 60% marginal tax rate, gift aid relief and pension contributions can produce valuable tax savings.

Separated from your spouse during the current tax year?
Tax will likely be low on the list of priorities when going through this stressful process, but provisionally transferring assets between spouses before the end of the tax year of separation can save or defer significant tax. Transfers made between the separated parties on or after 6 April after separation will be liable to capital gains tax so being aware of this deadline is key.

Pensions

Made total pension contributions up to the annual allowance (potentially up to £40,000)?
It is also worth looking at the optimal amount to contribute in the context of using any unused allowances from 2015/16, 2016/17 and 2017/18. This is the last year to take advantage of any additional allowance provided by the alignment of pension input periods in 2015/16.

Contributed to the pension pots for your spouse/civil partner, partner, children or grandchildren?
Non-earners can pay £2,880 each tax year into a pension and HMRC will add an additional £720, bringing the total contribution to £3,600. Individuals living outside the UK can also contribute the same £3,600 pa. for the first five years of being non UK resident.

Applied for Fixed Protection or Individual Protection?
When reviewing your pension statement consider whether your fund is likely to reach the lifetime allowance of £1,030,000 by the time you reach retirement age. If so, please contact us to discuss what protection against the lifetime allowance charge may be possible.

Investments

Used your annual £20,000 ISA allowance?
This moves assets into an income tax and CGT free environment and over a number of years, can build up a significant pot. ISA status is preserved upon spousal inheritance too.

Considered paying into a junior ISA for children or grandchildren?
For those children who did not qualify for a child trust fund up to £4,260 can be put into a Junior ISA. In addition 16 and 17 year olds can put up to £20,000 into an adult cash ISA as well as using their junior ISA allowance – giving them an even higher total ISA allowance than their parents!

Made use of your £11,700 Capital Gains Tax (CGT) annual exemption?
Transfers of assets between spouses/civil partners are tax free for CGT meaning you could ensure their allowances are not wasted. If you have realised gains and also have some investments standing at a loss, you could consider selling those at a loss to reduce your tax bill.

Considered making a negligible value claim for any assets?
If any assets have become worthless then a claim can be made to treat the assets as being sold so that the losses can be realised. For certain trading companies these losses can not only be used against other capital gains but could also be set against income providing tax relief which can help mitigate the lost investment funds.

Explored tax efficient investments?
Income and capital gains tax relief are available on qualifying investments made through the Enterprise Investment Scheme (EIS) up to £1,000,000, or Venture Capital Trusts (VCTs) up to £200,000.

Recently sold or considered selling a commercial property if you are not UK resident?
Disposals of commercial property by non-residents are outside the scope of UK tax but this is changing with effect from 1 April 2019 for companies and 6 April 2019 for individuals. Commercial property holders will receive the benefit of a base cost uplift in most cases on the date the charge comes into force, but there will be a 30 day reporting deadline to be aware of once completion takes place. This is in line with the residential property rules for non-residents. If you are in the process of selling a commercial property and completion takes place in April the additional reporting requirement will need to be considered.

Inheritance Tax (IHT)

Reduced your Inheritance Tax (IHT) exposure?
Have you made use of your annual exemption of £3,000 for the current year as well as any brought forward allowance from 2017/18? Now is also a good opportunity to review your overall IHT strategy which will often involve looking at investments, trust structures, solutions involving life assurance or gifting surplus income or capital.

Charitable giving

Completed Gift Aid declarations for cash gifts to Charity?

Making a gift aid declaration can provide charities with additional funding and produce tax relief for higher rate taxpayers. However, if you are a non-taxpayer then making a gift aid declaration can create a tax liability for you as HMRC seek to recoup the top-up payment made to the charity. If you are in doubt about whether signing a gift aid declaration will help or hinder your tax position then please do not hesitate to get in touch.

In addition, if you are thinking about making a gift to charity and are likely to need to sell investments standing at a gain to replenish your cash, then it is attractive for the gift to the charity to be in shares as there is no CGT on such a gift.

Business

Thought about whether you have maximised your capital allowances?

If you are investing in plant or machinery for your business then it may be useful to make sure you structure your acquisitions so as to maximise the amount of 100% tax relief available to you through using your annual investment allowance (AIA). The AIA available to you will depend on your business' year end so please contact us if you have any doubts about your limits.

Declared and paid your end of year dividends?

Dividends are taxed on a paid basis so dividends will not only need to be declared but should also be paid ahead of 5 April 2019 to fall within the tax year. As a reminder every individual has a tax free dividend allowance of £2,000 this year.

Considered your need to register for VAT?

Although the VAT registration threshold of £85,000 should be monitored on a rolling basis, the end of the tax year is a good opportunity to review your position. If your turnover during the last 12 months exceeded £85,000 or you expect your turnover during the next 30 days to exceed £85,000 then you will need to register for VAT. For some businesses it may also be worth voluntarily registering for VAT, please contact us if you would like to find out more about the pros and cons of voluntary registration.

Prepared for Making Tax Digital (MTD) coming into force on 1 April 2019?

If you are already VAT registered, new regulations on how VAT is accounted for come into force from 1 April 2019. Watch our webinar to see how these changes will affect how you operate and how we can assist with the transition if necessary.