

# 18/19 Year End Tax Planning Personal Tax

## Review your income:

Income received over and above £150,000 is subject to tax at 45%, however, a higher tax band exists for income between £100,000 and £123,700, where the loss of your personal allowance results in an effective tax rate of 60%.

This can potentially be avoided by transferring income generating assets to spouses or exploring the possibility of pension contributions or certain investments.

## Pension Contributions:

In certain circumstances, salary can be sacrificed for higher employer pension contributions which can help reduce income levels, potentially avoiding higher rates of tax or the claw back of certain benefits, such as child benefit.

Higher rate tax relief may be available on personal contributions and this should be claimed via your tax return. Personal contributions can extend the basic rate tax band making an efficient investment for higher rate taxpayers.

Limits apply to the level of contributions that qualify for tax relief and these should be reviewed before any action is taken.

## Payments into ISA's:

UK Resident individuals can invest up to £20,000 into standard ISA's each year. The income and capital gains generated are tax free with no loss of relief on withdrawal.

Individuals aged between 18 and 40 can now benefit from the Lifetime ISA, where contributions of up to £4,000 will have a 25% uplift added by the government. Funds can be used to purchase a first home or withdrawals from the age of 60.

## Seed Enterprise Investment Schemes (SEIS):

Investments in start up SEIS companies benefit from significant tax reliefs. Investments up to £100,000 qualify for relief at 50%. Should the investment fail a further 50% relief is available against income.

These investments are considered high risk and careful consideration is required before any investments are made.



## Enterprise Investment Schemes (EIS):

Similar to the SEIS investments detailed above, tax relief of 30% is available on investments made in EIS qualifying companies. Investment limits for EIS companies are higher than the SEIS discussed above, with an investment limit qualifying for tax relief of £1,000,000.

Once again, these investments carry a high level of risk and professional advice is recommended before any investments are made.

## Carry back of Investment reliefs:

Tax relief on investments made in SEIS and EIS companies detailed above can also be carried back against the income of the prior year. Therefore, any investments made before 5 April 2019 can be utilised against the investors income in either or both of 2017/18 and 2018/19.

**To discuss any of the above points in further detail, please contact your personal tax consultant on 0845 880 5678.**

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