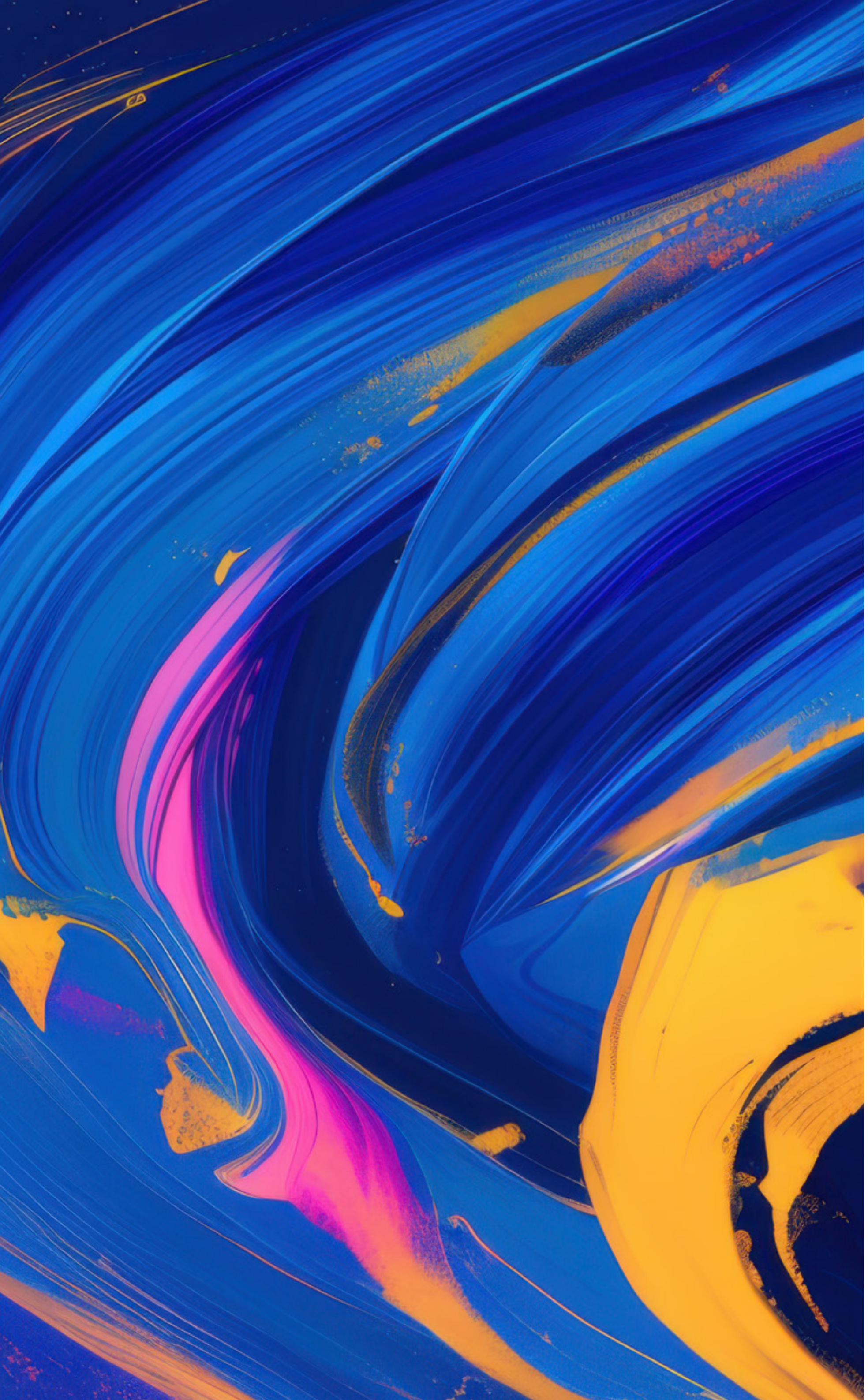
RATHBONES

Tax planning checklist

Invest well. Live well.



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Year-end tax planning checklist

Every pound saved from tax today is a pound compounding tomorrow.

Make sure you're not paying more tax than necessary. Take advantage of your annual tax allowances by 5 April 2026.

One of the most important things you can do is to make sure you've made use of the relevant annual allowances that are of interest to you and your family. You can't carry most of these over to the next tax year so you'll lose their benefits if you don't take full advantage.

The information in this document is based on our current understanding of HMRC tax regulations in the UK. Tax treatment depends on your individual circumstances and may be subject to change in future. We do not offer tax advice. We recommend you speak to a tax adviser if you are unsure.

If you would like to find out more about improving your tax position or making the most of your allowances, please contact your Rathbones investment manager or financial planner.

02
Business Tax

Dividend taxation

Have you utilised the zero per cent Dividend Tax Band of £500?

Yes ☐ No ☐

Corporation tax

The main rate of corporation tax is 25% for non-ring-fenced profits exceeding £250,000, with a small profit rate of 19% for profits of £50,000 or less. Businesses with profits between these thresholds benefit from marginal rate relief to reduce their effective rate of Corporation Tax. Are you able to carry over losses into the new tax year to reduce your overall levels of profitability? Could increasing your pension contributions or funding the purchase of a company car reduce your 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.

Yes ☐ No ☐

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.

Yes ☐ No ☐

Self-employment

Class 2 National Insurance (NI) is now a voluntary contribution for those earning less than £6,845 p.a. should you wish to protect your national insurance records for benefits. The rate of Class 4 NI contributions is now 6%, on profits between £12,570 and £50,270 and 2% over this amount. Do you need to protect your NIC record?

Yes ☐ No ☐

02
Business Tax

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?

Yes

No

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 percent First Year Allowance on capital expenditure on qualifying new plant and machinery capital for companies liable for Corporate Tax.

Yes

No

Employer national insurance

The rate of employer's NI contributions (NICs) is now 15%.
The threshold at which as employers now pays NIC on an employee's earnings is £5,000 a year.
Have you claimed the employment allowance (EA) has now increased to £10,500, which can be used to offset an employer's NIC bill?

Yes

No

03
Personal Tax

Income Tax

The threshold for the additional rate of Income Tax is £125,140 and this means a growing number of workers are now paying the top rate of income tax.

Yes ☐ No ☐

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?

Yes ☐ No ☐

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?

Yes ☐ No ☐

Inter-spouse transfers

Have you maximised capital gains efficiency through these exempt transfers?

Yes ☐ No ☐

03
Personal Tax

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.

Yes
No

Capital gains

Have you used your individual annual exemption for 2025-26 of £3,000?

Yes
No

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.

Yes
No

Tax freeze

The Government has further extended the tax freeze on personal tax allowances until 2031. This means that millions of taxpayers are likely to be pushed into higher tax bands as inflation affects their wages and income. Have you considered how this will affect you?

Yes
No

03
Personal Tax

National insurance

Since 6 April 2024, Class 1 Employee National Insurance were charged at a reduced rate of 8 per cent, instead of 10 per cent. Are you paying the right amount?

Yes ☐

No ☐

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. Can you consider additional pension contributions to reduce your adjusted net income?

Yes ☐

No ☐

04
Inheritance tax planning

Switch your assets

Inheritance Tax (IHT) must be paid on the value of any estate above £325,000. However certain assets including business and agricultural as well as shares in private trading companies may qualify for 100 per cent relief from IHT. Please note that the Government has announced changes which are set to restrict 100% business relief and/or agricultural relief to £2.5 million (per person) from 6 April 2026 and will be transferrable. Any excess above £2.5 million (per person) and investment in qualifying AIM shares will attract relief at 50%.

The Resident Nil Rate Band (RNRB) applies to a residence passed, on death, to a direct descendant. There is now a nil rate band of £325,000 plus the RNRB of up to £175,000, – which, in total, provides an IHT allowance of £500,000 per person, so a married couple or civil partnership could have a £1 million allowance, where any unused allowance is passed to the surviving spouse/partner. 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.

Yes ☐

No ☐

Charitable and personal gifts

If you leave at least 10 per cent of your net estate to charity a reduced rate of 36 per cent rather than 40 per cent applies and could save your family money. Gifts to a spouse can be made now to use up his or her nil rate band and could help you to reduce the value of the part of your estate above the £325,000 band. You can also make regular gifts out of your income which are tax-free if they are used for normal expenditure, which could include, for example, paying for a grandchild’s school fees. Other gifts may be free of IHT, but it is important to seek advice first.

Yes ☐

No ☐

04
Inheritance tax planning

Passing on your pension

It is important to revisit your current plans and update your Expression of Wishes to ensure that your family receives the full benefit of any remaining pension fund when you die. With the Government have announced changes which are set to mean that unused pension funds will form part of an individual's estate for inheritance tax purposes, further planning may be required. These changes are due to take effect from 6 April 2027.

Yes ☐
No ☐

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.

Yes ☐
No ☐

Seven-year rule

If you live for seven years after giving a gift, no tax is due, except for gifts in trusts. However,if you pass away between three and seven years of making, Inheritance Tax (IHT) is applicable at a tapered rate depending on how recently the gift was made. Gifts within three years of death are taxed at 40 per cent.

Yes ☐
No ☐

Annual exemption

Each person is entitled to an annual exemption of £3,000 per tax year. Any unused portion from the previous year can be carried forward. This allows individuals to make gifts of up to £6,000 without incurring Inheritance Tax (IHT) implications. You can give as many gifts of up to £250 per person as you want each tax year, as long as you have not used another allowance on the same person.

Yes ☐
No ☐

05
Pensions

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 £50,000 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 nine per cent 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.

Yes ☐

No ☐

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 per cent 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.

Please note that taking taxable income from a pension may restrict the amount you can contribute into a pension in the future. So please seek professional advice before taking benefits.

Yes ☐

No ☐

05
Pensions

Annual pension allowance

Have you used your full pension allowance? You can invest up to £60,000 a year into a pension tax-free, or 100% of your salary/bonus, whichever is lower. Separately, you may also be able to utilise unused pension allowances from the previous three tax years. This is known as carry-forward and may enable you to contribute more into a pension. Carry-forward is complex, so we recommend seeking professional advice.

Yes ☐ No ☐

Make tax-free pension contributions

Pension contributions made to employees by an employer are tax efficient. If you own the company, you may be able to claim the pension contribution as a deductible expense for corporation tax purposes. Separately, 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.

Yes ☐ No ☐

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.

Yes ☐ No ☐

06
Investment tax allowances

ISAs

Have you used your maximum annual investment of £20,000? From 6 April 2027, the annual cash ISA allowance for individuals under 65 in the UK will be reduce from £20k to £12k.

Yes ☐ No ☐

Junior ISAs or child trust fund

Has £9,000 been invested for any child under the age of 18?

Yes ☐ No ☐

Lifetime 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 per cent 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.

Yes ☐ No ☐

Tidying up your investments

Have you sold any investments or bonds, or closed any savings accounts that are earning low interest?

Yes ☐ No ☐

06 Investment tax allowances

Company share schemes

If your company offers a share schemes, such as Share Incentive Plans (SIP) or Save As You Earn (SAYE), they may include price discounts and tax incentives.

Yes ☐
No ☐

Enterprise investment scheme (EIS)

Have you considered these investments, which offer income tax relief of 30%, as well as possible capital gains tax deferral? EIS is not suitable for all investors because they are considered high risk. You could lose some or all of your investment capital.

Yes ☐
No ☐

Venture capital trust investment (VCTI)

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? Tax relief on VCTs will be reducing from 30% to 20% in April 2026. VCTs are not suitable for all investors because they are considered high risk. You could lose some or all of your investment capital.

Yes ☐
No ☐

Seed enterprise investment schemes (SEIS)

Although investing in a SEIS can carry more risk than an EIS or VCT because SEIS targets very early stage companies, the tax reliefs available can help offset potential losses.

Yes ☐
No ☐

06

Investment tax allowances

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 a 5%, providing 25% relief in total.

Yes ☐

No ☐

Onshore bonds

Onshore bonds allow 5% of the original capital to be withdrawn each year tax-free. Although you need to consider management costs and basic rate tax charges within the bond, the 5% tax-free withdrawal is still attractive to certain individuals.

Yes ☐

No ☐

Offshore bonds

As with onshore bonds, 5% of the original capital invested can be withdrawn each year tax-free. Although they are taxed in full when the bond is eventually surrendered. However, they can be useful for individuals who are expecting to pay a lower rate of tax in the future.

Yes ☐

No ☐

Before considering any of these investments it's important to understand the risks and consider whether they are suitable for your financial situation and risk tolerance. You should speak to a financial adviser if you are unsure.
The value of investments and the income from them can go down as well as up and you may not get back what you originally invested.

07
Succession planning

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.

Yes ☐
No ☐

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?

Yes ☐
No ☐

07
Succession planning

Business asset disposal relief

If you are looking to sell your business or shares in your business and this leads to a capital gain you could be taxed at a rate of up to 24%, depending on your marginal tax rate. Business Asset Disposal Relief, formerly known as Entrepreneurs' Relief, could reduce this rate of tax to just 10%.
Please note that the rate of Capital Gains Tax that applies to Business Asset Disposal Relief has increased to 14% for disposals made on or after 6 April 2025 and will increase from 14% to 18% for disposals made on or after 6 April 2026.

Yes ☐

No ☐

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 Relief which reduces the value of a business or its assets. Please note the Government has announced changes which are set to restrict 100% business relief and/or agricultural relief to £2.5 million (per person) from 6 April 2026 and will be transferrable. Any excess above £2.5 million (per person) and investment in qualifying AIM shares will attract relief at 50%.

Yes ☐

No ☐

Let's talk.

Our experienced financial planners can help you navigate the complexity of tax planning, and make the most of the available allowances and reliefs to help you preserve, grow, or pass on your wealth.

Get in touch today.

Tel: **020 7399 0000**

https://www.rathbones.com/en-gb/wealth-management/contact-us

A typical Rathbones client has more than £300,000 to invest or plan their financial future with, including any pensions they may already have.