TO REDUCE YOUR TAX BILL

RPG Crouch Chapman Financial Services

in conjunction with

RPG CROUCH CHAPMAN

Did you know that £189 billion was paid in tax in the first three months of the 2023/24 tax year?

That is up £10.5 billion from the previous year!

We asked Matt King, Director at RPG Financial Services and one of our Tax Partners, Tim Humphries, for their top tax saving tips that just about anyone and everyone can consider no matter what your bank balance!

These are their 6 top tax saving tips!

Tip 1 – make use of your ISA allowances
Matt added, "ISA's are free of UK income tax and capital gains tax. Making them one of the most tax-efficient ways to save. You can invest up to £20,000 into an ISA each tax year.

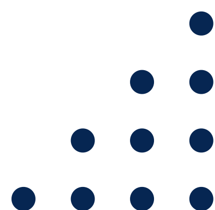
This is especially important if you're earning an income from dividends. You won't pay any tax on the first £1,000 of dividends (the current annual dividend allowance) held outside of a tax wrapper like an ISA. However, once you exceed the £1,000 tax will be due. As ISA's are tax free savings vehicles you are able to shelter your dividend income from tax".

Tip 2 – consider making pension contributions
Again, one from Matt, "the annual allowance for pension contributions just rose to £60,000, meaning you can contribute up to £60,000 (or equivalent earnings if under this) into a pension and receive tax relief. (Note that the annual allowance can be lower for higher earners and some people who have already drawn money from their pension).

Tim added, "saving into a pension can also help you to avoid a potential 60% tax trap. If your total income is £100,000 or more, your tax-free personal allowance (£12,570) is reduced by £1 for every £2 over the threshold and the personal allowance disappears entirely if you're an additional-rate income taxpayer! (Earning £125,140 or more). By making the most of pension contributions, you can reduce your taxable income, effectively reinstating some or all of your personal allowance if you bring it below £125,140".

Tip 3 – use any available carry forward for pensions
This one is from Tim, "If you have unused annual pension allowance from the previous three tax years, you will likely be able to make use of it this year. Not many know that carry forward effectively increases this year's allowance. (Any personal contributions are still capped by your earnings as mentioned above.)

This year, the annual pension allowance is £60,000 (recently increased from £40,000). So, if you haven't added money into a workplace or personal pension over the last three years, you could make up to a £180,000 contribution this tax year. On top of that you will receive up to a 45% tax relief boost from the Government. This is definitely something to remember".



Tip 4 – pay into a pension for your partner

Matt added "On the subject of pensions, investing into a pension for a non-earning partner is another generous pension giveaway. Non-earners under 75 that are UK residents can make a pension contribution of up to £2,880 and the Government will add up to £720 in basic-rate tax relief.

Tip 5 – transfer assets to your spouse or civil partner

Tip 5, comes from Tim "if your spouse pays less tax than you, or no tax at all, then you could be losing out on further valuable allowances each year. This includes the personal allowance, personal savings allowance, dividend allowance and capital gains tax allowance that aren't being used to their full potential.

You can transfer assets to a spouse free of capital gains tax. (Keep in mind if they decide to sell it, they might have to pay capital gains tax on it. However, they'll still be able to use their allowance of £6,000 if they haven't already used it.)

If your spouse isn't earning an income and you're a basic-rate taxpayer, they can transfer £1,260 of their personal allowance over to you, helping reduce your tax liability by up to £252 in the current tax year".

Tip 6 – think about investing in government bonds (gilts).

The final tip comes from Matt "for private investors, interest received is taxed as income, while any capital gains on UK gilts are tax-free so you hold gilts in an ISA or Self-Invested Personal Pension (SIPP), you won't pay any tax at all! You must, however, always remember that with any investments, the value and income they produce can fall as well as rise. You could get back less than you put in.

So, there they are, Matt King's and Tim Humphries' 6 tax tips that just about everyone can consider to help them pay less tax.

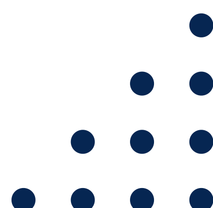
If you would like to speak to a member of the RPG team about wealth management, pensions, investments or tax planning, contact us on 020 3697 7147.

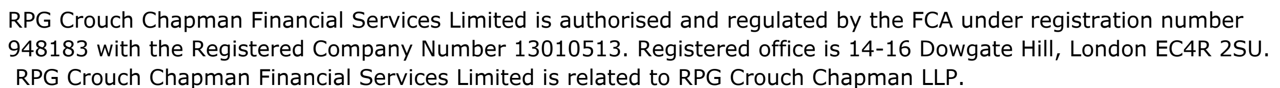
Tim Humphries

thumphries@rpgcc.co.uk
Telephone 0203 697 7147

Matt King

mking@rpgcc.co.uk
Telephone 07812 399838




RPG Crouch Chapman Financial Services Limited is authorised and regulated by the FCA under registration number 948183 with the Registered Company Number 13010513. Registered office is 14-16 Dowgate Hill, London EC4R 2SU. RPG Crouch Chapman Financial Services Limited is related to RPG Crouch Chapman LLP.

The Financial Ombudsman Service is available to sort out individual complaints that clients and financial services businesses have not been able to resolve themselves. To contact the Financial Ombudsman Service please visit www.financial-ombudsman.org.uk.

It is important to remember that the value of investments and the income from them can fall as well as rise. You may get back less than you originally invested and past performance is not a reliable indicator of future results.

RPG Crouch Chapman LLP, incorporating Jackson Feldman & Co, is registered in England and Wales as a limited liability partnership Company Number OC375705. Registered Office, 5th Floor Dowgate Hill, London EC4R 2SU. Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. RPG Crouch Chapman LLP, incorporating Jackson Feldman & Co, is a member of Parker Russell International Limited (PRI).

Important: This publication has been written for the general interest of our clients and contacts and is correct at the time of going to print. No responsibility for loss occasioned to any person acting or refraining from acting as a result of material in this publication can be accepted.

RPG Crouch Chapman Financial Services

in conjunction with

RPG CROUCH CHAPMAN