CITRUS FINANCIAL

END OF TAX YEAR 2024/25

ISAs – Don't miss out on tax savings

The 2024/25 tax year ends on 5th April, so it's the perfect time to make sure you take advantage of the tax incentives available to you and don't pay unnecessary tax. Although you can use your ISA allowance at any time during the tax year, the deadline of 5th April adds an extra focus. Because of their tax benefits ISAs are perhaps the obvious choice for investing tax efficiently, but there are other steps you can take too. Here's a quick reminder to help you make sure you don't miss out.

Use your annual ISA allowance

You can invest up to £20,000 in the 2024/25 tax year and all future investment growth will be free from personal income tax and capital gains tax. There are a number of options including cash ISAs, stocks & shares ISAs and Lifetime ISAs. You can put all of the £20,000 in any one of them or split the allowance between them.

Lifetime ISA's have an allowance of £4,000 annually.

Check your existing cash ISA holdings

It's important not to forget about your existing ISAs. If you have cash ISAs you should make sure you're getting the most suitable rates, but make sure you check for any penalties before you move. If you don't need to keep all your ISA investments in cash, you can move some or all of your existing cash ISA holdings to a stocks-and-shares ISA without affecting your current tax year's ISA allowance – this year's £20,000 allowance is a limit on new investment only.

Stocks-and-shares ISAs aren't a good home for money you may need in the short term. You should be prepared to leave your money in a stocks-and-shares ISA for at least five years, and accept the risk that you may get back less than you put in.

Consider junior ISAs (JISA)

Parents or guardians can open a JISA for their children. The JISA has all the tax benefits and investment choices of the normal ISA – all income and capital growth is free from personal income tax and capital gains tax. The annual investment limit is £9,000 and you can split this between a cash JISA and stocks-and shares JISA however you wish. Although only parents or guardians can set up a JISA, anyone can pay into it. You have until the 5th April 2024 to take advantage of this year's JISA allowance.

Maximise your pension contributions

As well as making the most of your ISA allowance there are other tax-saving steps you can take such as paying a pension contribution. You can save as much as you like into as many registered pension schemes as you like and get tax relief on those contributions of up to your annual allowance each year, provided you pay the contribution before age 75. Do this by the 5th April and, within certain limits, you will receive basic rate tax relief on your contribution. If you're eligible for higher-rate tax relief you can claim this through your tax return. The annual allowance for tax relief in 2024/25 is 100% of your earnings (salary and other earned income) subject to a maximum of £60,000.

Continued overleaf

END OF TAX YEAR 2024/25

Don't forget IHT and capital gains tax

You can gift away £3,000 per tax year which will fall outside of your estate and can also double this to use last years gifting allowance if you have not used it.

You can also make gains of up to £3,000 without incurring capital gains tax. If you are thinking of selling some assets there may be a benefit in doing so before 5th April.

Your next steps

Regardless of how or where you decide to invest your money, to take advantage of any tax incentives available in this tax year you must invest before 5th April 2025.

For example, if you haven't used this year's ISA allowance by 5th April you've lost it forever. So start your research now and make sure you don't miss out.

Please don't hesitate to contact us if you would like expert help to make sure you don't pay unnecessary tax.

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The value of pensions and investments and the income they produce can fall as well as rise. You may get back less than you invested.

Tax treatment varies according to individual circumstances and is subject to change. For ISA's investors do not pay any personal tax on income or gains, but ISAs may pay unrecoverable tax on income from stocks and shares received by the ISA managers.

You will incur a lifetime ISA government withdrawal charge (currently 25%) if you transfer the funds to a different ISA or withdraw the funds before age 60 and you may therefore get back less than you paid into a lifetime ISA.

By saving in a lifetime ISA instead of enrolling in, or contributing to an auto-enrolment pension scheme, occupational pension scheme, or personal pension scheme:

(i) you may lose the benefit of contributions from your employer (if any) to that scheme; and
(ii) your current and future entitlement to means tested benefits (if any) may be affected.

Approver Quilter Financial Services Limited & Quilter Mortgage Planning Limited. 12/03/2025