



Year-End Tax-Planning Priorities

Timely advice from CRYSTALBLEND FINANCIAL SERVICES LLP

We are nearly at the end of another tax-year, so this is your last chance to think about effective strategies for cutting your tax bill.

There's less time than you might think! This time around, April 5th is falling at the end of a long bank holiday weekend – so the last 'normal' business day of the current year is **April 1st**.

As a result, many ISA and pension providers have indicated that applications and monies should be received by March 27th/28th in order to be in time for this year's deadline.

So, if you've yet to take action...

The most important break of all

At the risk of wearying our clients through repetition, the sheer value of this opportunity needs re-stating. The ISA (Individual Savings Account) is one of the most valuable investment tax-breaks available.

For most people, there's an annual ISA contribution allowance of £7,200, but if are already over fifty, then that increases to a whopping £10,200 to go into a tax-free environment. Couples looking to shelter their lifesavings from Alistair Darling's escalating predations, can make a significant difference by maxing out their entitlement. Or, to put it another way, you'd be daft not to!

At CrystalBlend Financial Services LLP we can help out with cash ISAs (£3,600 or £5,100 if you are over 50) but more importantly, can advise on a comprehensive 'integrated' ISA proposition, including cash, bonds and equity components.

And remember – children aged 16 or 17 can have a cash ISA (they need to be 18 for the equity version).

Pensions aren't bad, either

Pensions tend to get a bad press, don't they? Sometimes, we wonder why – after all, they are only another form of investment, held within a particular tax-wrapper.

At CrystalBlend Financial Services LLP, unlike many other IFA firms, we don't think that pensions are the be-all and end-all, but for anyone who is serious about (a) reducing their tax-bill and (b) saving for retirement, they are an absolute must.

From a tax-planning perspective, clients who are over 50 at the present time, or over 55 after the 5th April, and who are paying tax at 40%, may wish to consider making a single contribution (attracting 40% relief) and then immediately withdrawing the 25% tax-free cash allowance. There are some limitations to this approach (which we can talk you through), but in essence this means that you could get (for example) £15,000 into your pension fund for a net cost of £7,000.

Even if you are paying tax at the basic rate, the figures still look pretty attractive – so

please don't write pensions off on the basis of bad press in the past.

Inheritance Tax matters

IHT remains something of a *voluntary* tax, although HMRC seems to be ever-more vigilant in closing down loopholes. The UK Government needs to raise a *lot* more tax if it is going to balance its books, so you can anticipate that IHT is going to be working hard on this nice little earner.

By way of a quick reminder, IHT is charged at a rate of 40% on the excess of an individual's inheritable estate above £325,000 (the nil rate band).

There's plenty you can do about this, and at CrystalBlend Financial Services LLP we can help you with effective, proven strategies to protect your estate against the taxman. Many advisers we've encountered over the years, seem to start by looking at life policies, but in our opinion there's a lot you can do *before* you need to resort to life assurance.

In the short term, have you used up your annual exemptions? These include:

- £3,000 annual gift per donor
- £250 annual gift per donee
- Marriage or civil partnership gifts from parents and grandparents
- Unlimited gifts out of income (unless this adversely affects the donor's standard of living)

Remember that, if you are going to implement some end-of-year IHT planning, the cheque for your gift will need to have cleared by **April 1st**.

Enterprise Investment Schemes

We've included this last, as EIS tend to be a specialist area for some clients.

Investing in an EIS involves subscribing for shares in a small, unquoted trading company (there are lots of rules which govern this) which means that it won't appeal to everyone.

However, for anyone serious about relieving their exposure to tax, EISs bring a whole raft of tax-breaks to the table:

- Maximum annual investment of £500,000
 - 20% income tax relief
 - No limit to CGT deferral relief
 - Bringing forward a capital gain from the last three years, to use subsequent capital losses
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It's not just about tax

Clearly, our focus at this time of the year is on helping our clients to keep *more* of their wealth, by giving away *less* in tax.

However, please bear in mind that effective wealth-building is not just about reducing the level of taxation. It's about the following essential disciplines:

- controlling risk,
- appropriate diversification
- minimising costs
- having reasonable expectations
- making adequate provision in adequate time

You'll find that, at CrystalBlend Financial Services LLP, we've got a range of tried-and-tested strategies to help you build your personal wealth – most of which you've probably not encountered anywhere else.

**Please contact us on 020 7055 4981 OR
020 7474 7920 for more information.**

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