



**Plan - Perform - Protect**

## **YOUR TAX ALLOWANCE CHECKLIST**

**Do you know how much money you would lose if you didn't take action?**

This checklist is designed to help you understand what more you could be doing to ensure you keep more of your money. These Tax advantages may not be suitable for everyone so please consider all of the relevant options before making a decision.

So often we think that Tax Planning is for the super rich. However, the reality is that everybody should do sensible end of year Tax Planning, because every £1 saved is £1 that you get to spend rather than the Government.

The following checklist features actions you should consider seeing which apply to you. Where they do, you should consult with either your own Adviser or a member of the Penguin Advice Team and agree what actions need to take place.

Please be reminded that this check list IS NOT advice. We DO NOT recommend that you implement or can implement the following. This check list is intended to give you a starting point for your Tax Planning.

***Please tick off the relevant boxes of this checklist as you complete the actions.***

Speak to a member of the Penguin Advice team if you'd like to receive bespoke tax recommendations tailored to your personal situation.

**info@penguinwealth.com | 02920 450 143 | www.penguinwealth.com**

**Penguin House, 2 Raleigh Walk, Brigantine Place, Cardiff, CF10 4LN**

## PERSONAL ALLOWANCE

Every UK resident receives a Tax-free amount each year, unless they earn more than £100,000, in which case the allowance is reduced by £1 for every £2 earnings are over £100,000. In the 20/21 Tax year this is £12,500. If you do not use this allowance you lose it. It cannot be carried forward into the new Tax year. You can transfer up to 10% of an unused personal allowance to a spouse. If one of you is not earning, and the other is, that £1,250 of allowance that can be saved. That's a potential £500 tax saving. And the best bit? You can do this for the last four Tax years that you have not made the claim.

### 10% Married Couples Allowance

 YES NO

### Last 4 years all claimed

 YES NO

### Tax Return done to claim Higher Rate Tax Relief

 YES NO

### Last 3 years all claimed

 YES NO

### Checked Tax coding is correct

 YES NO

### Personal Allowance used in full

 YES NO

### Personal Allowance of spouse/partner used

 YES NO

### Checked Personal Allowance hasn't been lost due to high earnings

 YES NO

### Dividend Tax allowance utilised

 YES NO

### Capital Gains Tax losses crystallised

 YES NO

### Capital Gains Tax allowance used

 YES NO

### Tax Return for Employed person done

 YES NO

## ISA ALLOWANCE

You can save £20,000 every year into an ISA. This is £200,000 over ten years, which, if it earned 7% each year would be worth over £300,000. After 20 years it would be worth close to £1m. Income taken from an ISA is tax free. Some high risk ISA's that invest in AIM listed shares are free of IHT on your death. You can save for the future of your children or grandchildren and save them thousands of pounds in future tax. The present contribution limit is £9,000pa. For older children, who want to save for their own home, a LISA is the ideal way to save because of the massive tax boost that is given by the British Government worth 25% on each yearly contribution.

### ISA Allowance used

 YES NO

### Plans to use ISA Allowance in 2021/22 Tax year

 YES NO

### LISA (Lifetime ISA) Allowance used

 YES NO

### JISA (Junior ISA) Allowance used

 YES NO

## PENSION ALLOWANCE

You can contribute the lower of £40,000 or your earned income each year into a Pension and receive tax relief. For a basic rate tax-payer this is a benefit of 25% and a higher rate tax payer, this is a benefit of 66% as a return. When the value of your pensions exceeds £1,073,100 (in the 20/2021 tax year) you will exceed the Lifetime Allowance.

### £3,600

 YES NO

### £40,000

 YES NO

### Carry forward to be used

 YES NO

### Spouse/Partner allowance used

 YES NO

### Children's allowance to be used

 YES NO

### Grandchildren's allowance to be used

 YES NO

## INHERTIANCE TAX (I Hate Tax (IHT)) ALLOWANCES

When you die, Inheritance tax (IHT) is paid on the value of your estate over £325,000 at a rate of 40%. If you can reduce the size of your Estate or hold Assets that have IHT advantages you can reduce tax. If you make a gift and die within 7-year IHT may be payable on that gift, or part of it. You can also give away excess income each year without paying IHT if you die within 7-years. You have a £3,000 annual gift allowance, which is totally free of IHT. This can be back dated one year.

### £3,000 annual gift allowance

YES  NO

### £3,000 last year's gifting allowance used

YES  NO

### £250 small gift

YES  NO

### Gifts out of income allowances used

YES  NO

### 7 year gifting allowance used

YES  NO

## BUSINESS OWNERS

As a Business Owner there are ways you can ensure that you're paying less tax on some of the things that you would normally pay out of your own salary. These small changes to the way your Business operates could mean quite a substantial tax saving at the end of each year.

### Life Insurance paid by Business

YES  NO

### Pension contributions paid from Business

YES  NO

## OTHER ALLOWANCES

Venture Capital Trusts (VCT) are high risks investments where you could lose all or some of your money. They are very illiquid and so it can take a while to get your money out. But investing in VCT's raises money for new businesses and this investment is needed in the economy. For this reason the government gives generous tax incentives. You probably don't want to invest a great deal in a VCT, but if you can afford to take a risk, there are BIG tax incentives. Enterprise Investment Schemes (EIS) are similar to VCT with two main differences. The first is that they usually invest into a single company, making them even higher risk. Secondly, you can invest up to £2m.

### VCT allowance used

YES  NO

### EIS allowance used

YES  NO