BALLANTYNE & CO

• CHARTERED ACCOUNTANTS & BUSINESS ADVISERS •

YEAR END TAX PLANNING GUIDE

60 St Enoch Square Glasgow G1 4AG
T. 0141 221 1002
E. info@ballantyneandco.com

www.ballantyneand.org.uk

Inside this issue

For companies and business owners

- Planning issues for companies
- Profit extraction planning points
- Dealing with directors' loan accounts
- Unincorporated business matters
- Plan for tax efficient business motoring
- Property matters
- The family business

For families, couples and individuals

- Tax rates and allowances
- Tax and the family
- Where Gift Aid fits in
- Pension planning
- High Income Child Benefit Charge and Tax-Free Childcare
- Investing tax efficiently
- Capital taxes
- Year end checklist

Key points this year

The run up to the end of the tax year on 5 April 2026 is a good time to check that your family and business finances are arranged in the best way possible.

In this Year End Tax Planning Guide, we look at useful ways to take advantage of available tax reliefs and planning opportunities.

The Guide is divided into sections: planning points for companies and business owners; then points for families, couples and individuals. This is for ease of use, and there is inevitably some overlap.

Note that throughout the Guide, we use the rates and allowances for 2025/26, and that the term spouse is used to include a registered civil partner.

Topical issues

Tax always brings its challenges, and this year is no exception. Key areas to consider include:

- the effect of fiscal drag with the continuing freezing of the Personal Allowance and key tax thresholds
- the start of Making Tax Digital for Income Tax from April 2026, which will impact some unincorporated businesses
- an increase in the rate of tax on dividend income from 6 April 2026
- measures impacting those with property income, including Making Tax Digital for Income Tax; the continuing fall-out from the abolition of the furnished holiday letting rules; and the forthcoming introduction of a separate rate of tax for property income
- forthcoming change to ISA rules
- new limits for venture capital reliefs
- further change to Business Asset Disposal Relief
- the latest news on changes to agricultural property relief and business property relief
- the extension of Inheritance Tax to unused pension funds and death benefits.

We explain these changes here, and suggest practical points for action.

Working with you

As your accountants, we have the insight into your affairs that can make a real impact, and we look forward to being of assistance.

Planning issues for companies

Planning for optimal tax efficiency has become more complex with higher rates of Corporation Tax since 2023, and the operation of marginal relief.

Corporation Tax

The rate of Corporation Tax payable depends on the level of taxable profits in the company, plus certain dividends received by the company.

Taxable profits	Corporation Tax rate
£0 to £50,000	19% small profits rate
£50,001 to £250,000	25% less marginal relief
Over £250,000	25% main rate

The Corporation Tax rate is applied to the company's taxable total profits. A company with profits of £400,000 would therefore have a Corporation Tax liability of £100,000 (25% of £400,000).

Companies with profits between £50,000 and £250,000 pay at the main rate reduced by marginal relief. This creates a gradual increase in the Corporation Tax rate, resulting in an effective tax rate of 26.5% for profits between £50,000 and £250,000.

Group structure is important as limits are shared where there are associated companies. The rules on associated companies can be tricky to get right, and we can help with any questions you may have.

Action point: Maximise deductions

The impact of marginal relief means maximising deductions is particularly important for companies where profits fall between these thresholds. We can help you identify relevant claims for deductions for your business.

Claim for capital allowances

Making sure that you maximise claims for capital allowances is a particularly important way to do this.

The Annual Investment Allowance (AIA) now stands at £1 million. Along with general Writing Down Allowances (WDAs) this will provide relief sufficient for many companies. There is a further capital allowance, the Structures and Buildings Allowance, available on some new commercial structures and buildings, which will be relevant to some businesses. We can advise further here.

There are, in addition, some special provisions for companies. These allow companies investing in qualifying new plant and machinery to claim:

- first year allowances (FYAs) of 100% on most new plant and machinery investment which would ordinarily qualify for 18% WDAs. This is usually known as Full Expensing
- a FYA of 50% on most new plant and machinery investment which would ordinarily qualify for 6% special rate WDAs
- note that this excludes expenditure on cars, and most plant and machinery for leasing.

These additional reliefs come into their own where companies or groups make major investment over the level of the AIA. The disadvantage is that where the FYAs have been claimed, a balancing charge based on proceeds may arise on disposal. You may therefore wish to consider timing capital acquisitions to make maximum use of the AIA instead.

Change to rules

Autumn Budget 2025 announced two key changes to the rules:

- a reduced rate of WDA on the main pool of plant and machinery from 18% to 14% per year. This will apply from 1 April 2026 for Corporation Tax. A hybrid rate will apply for businesses whose chargeable period spans this date
- a new year FYA of 40% for main rate expenditure, with fewer restrictions than other FYAs. This will be available for expenditure incurred from 1 January 2026.

Tip: New FYA available for assets used for leasing

Unlike Full Expensing, the new FYA will be available for most assets used for leasing and is therefore a welcome widening of scope. It does not, however, apply to overseas leasing, second hand assets or cars.

Loss claims

A claim for loss relief, whether a trading or property loss, or loss on the sale or disposal of a capital asset, can be used to reduce the overall tax liability. This can help with cash flow, and in some circumstances, may generate a refund.

Generally, a loss may be set off against other profits of the same accounting period, and then carried back to the previous 12 months. There is also scope to carry losses forwards, subject to certain conditions.

When to claim: Decisions on loss relief claims can impact cash flow and the overall level of tax relief. We can help you determine the best way to use any losses available.

Action point: Watch two-year limits

Broadly, loss claims must be made within a particular window. To set a loss against profits of the current, or an earlier accounting period, the claim must usually be made within two years of the end of the accounting period in which the loss was made.

Research and Development claims

Research and Development (R&D) is a complex area, where expert advice is essential. Companies with expenditure in qualifying R&D activities can receive valuable tax relief, and the benefit that can accrue from a correctly-presented claim is considerable.

What is R&D?

Broadly, the definition of R&D is work aiming to achieve an advance in science or technology; to resolve scientific or technological uncertainty; where the solution is not easily found by someone who is competent in that particular field.

To qualify as R&D for tax purposes, the bar is high. Not all activity that would fall under the heading of R&D for ordinary accountancy or commercial purposes will count as R&D for tax purposes. Guidelines issued by the Department for Science, Innovation and Technology, and HMRC's Guidelines for Compliance set out the scope.

Caution needed

Companies are sometimes approached by commercial agents offering to submit speculative R&D claims on their behalf, in return for commission. It is not unknown for such agents to offer to put in claims for businesses in sectors that are highly unlikely to be carrying on R&D, such as care homes and childcare providers. Great caution is recommended if you are contacted in this way.

Tax rules, reliefs and compliance

The R&D regime has been going through a period of change. Overall, claims face greater scrutiny than before, and HMRC has increased compliance activity following concerns about high levels of incorrect and fraudulent claims.

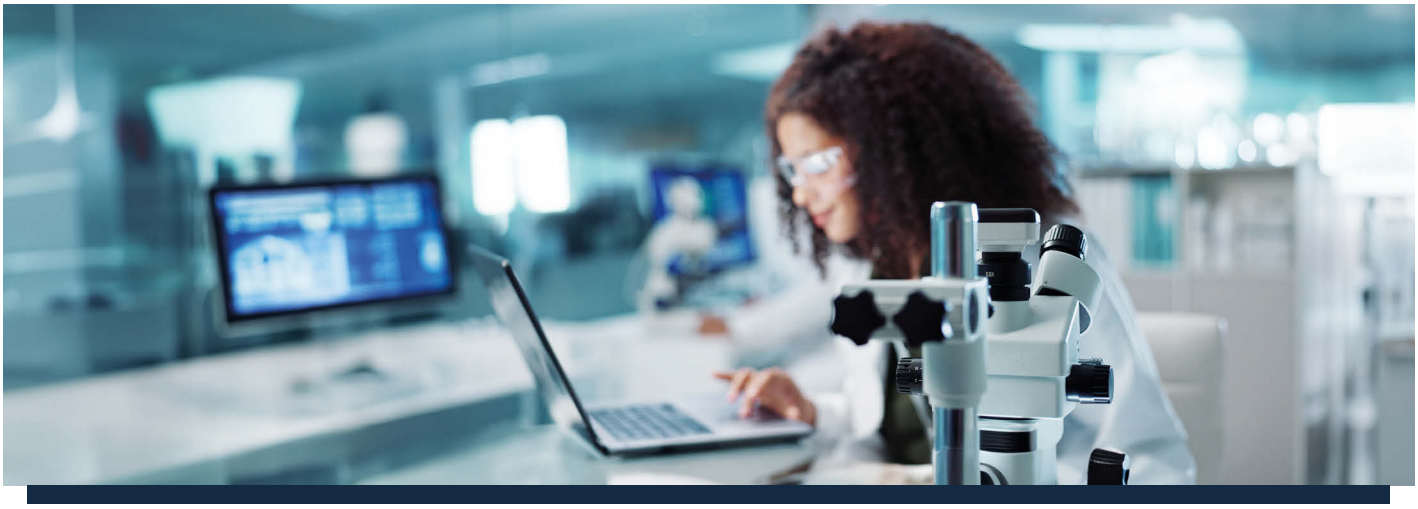
Procedures to claim have been tightened up. Additional compliance requirements now include the need for new claimants (those who have not made a claim in the previous three accounting periods) to notify HMRC that they intend to make a claim within six months of the end of the accounting period; and an additional information form, which must be submitted on or before the day that the Company Tax Return is submitted.

There has also been change to the rules on tax relief. This saw the replacement of the two earlier schemes (one for SMEs, and one for larger companies) with a new merged scheme R&D expenditure credit (RDEC); and a separate scheme for R&D intensive companies, known as the Enhanced R&D Intensive Support scheme (ERIS). The merged RDEC scheme provides a taxable 20% above the line credit. The ERIS targets more generous support towards R&D intensive SMEs. These are loss-making SMEs whose R&D expenditure accounts for 30% or more of total expenditure. This provides additional relief, and the option of surrendering losses for a repayable tax credit. Special provisions apply for companies registered in Northern Ireland.

The new rules have also brought some restrictions on what is considered eligible expenditure, for example with regard to overseas expenditure, and contracted out-R&D.

Putting together a claim

Getting a claim right needs careful preparation. We can help you assess whether your company is carrying out the kind of work that might qualify under the R&D rules, and help you make sure you have the right records to support a claim. Do please talk to us about what's involved.



Profit extraction planning points

Ongoing change continues to make profit extraction strategy for director-shareholders in family companies a complex matter.

Extraction through dividends

Care has always been needed to decide whether it is more tax efficient to extract profit from the company as dividends or as salary. This year, change to the rate of tax on dividend income announced in the Autumn Budget 2025, coupled with the current low Dividend Allowance of £500, make it even more important to check the figures in your individual circumstances.

Tax band	Current dividend rate	From 6 April 2026
Basic rate	8.75%	10.75%
Higher rate	33.75%	35.75%
Additional rate	39.35%	39.35%

The 2% increase for all but the additional rate will continue to make profit extraction via dividend payment more expensive.

It will also impact liability for what is often called s455 tax. This is the tax due on unpaid directors' loan accounts, and is paid at the dividend upper rate. We cover this in more detail elsewhere in the Guide.

Note, in passing, that increased tax rates on savings and property income are planned with effect from 6 April 2027. This will also impact the position of many of those involved in family companies.

Action point: Accelerate dividend payment before April 2026

There is still a window to access current lower rates, and you might like to consider whether this would work in your circumstances. It is important to get the procedure around declaration and payment of dividends right, and we can help you avoid errors that are commonly made.

Other factors to take into consideration

- Dividends are paid out of retained (post-tax) profits, an important consideration given current Corporation Tax rates.
- Overall, dividends are still subject to lower Income Tax rates than non-savings income.
- Dividends do not incur National Insurance Contributions (NICs), a potential saving for the director-shareholder as employee, and the company as employer.
- Dividend payments do not qualify as relevant earnings for personal pension payments.
- Scottish taxpayers will need to balance the fact that dividends are taxed at UK rates, against the fact that bonuses are taxed at Scottish rates as employment income.

Profit extraction via dividends may or may not be the most efficient route for you. Please talk to us to establish the optimal strategy.

Paying a salary

As far as the company is concerned, salary and employer NICs are generally deductible business expenses for Corporation Tax purposes.

Traditionally, many family companies have set salary at a level preserving State Pension entitlement, but minimising the level of NICs due. In many cases, a salary covering the standard Personal Allowance has been appropriate.

However, there are other factors which now also affect the decision. These include:

- the current threshold for employer NICs
- the widening gap between employer and employee NICs
- higher Employment Allowance of up to £10,500 since 6 April 2025.

A wide range of issues, including the level of any other income; the personal circumstances of each director; company performance, activities and group structure, will all need to be taken into account. We should be pleased to help you determine an appropriate figure for salary in your circumstances.

Adapting for National Insurance costs

Planning to minimise these costs continues to be important following the increase in employer NICs from 6 April 2025.

Though the changes do not impact director-shareholders in their capacity as employees of the company, they do impact them in their role as owner-employers. The overall impact will depend on your individual circumstances, and we can help you review the National Insurance position throughout your business.

Tip: Senior family members

Employees do not pay NICs on reaching State Pension age, although employer NICs continue to be due. This may be a plus point for senior family members who can still use salary to make tax-relieved pension contributions up to age 75, and is worth bearing in mind when thinking about extraction strategy.

Extraction via bonus

Payment of a bonus is subject to employer NICs for the company; and Income Tax and NICs for the director-shareholder.

It is, however, a deductible expense for Corporation Tax purposes, and can thus be used to reduce taxable profits, or generate a loss.

Use timing to advantage

The timing of a bonus determines when it is chargeable to tax for the director-shareholder. You may be able to defer taxation to a later tax year, or include it in the current tax year, depending on how and when the bonus is declared. It may be possible to keep a deduction for the bonus in the current accounting period for Corporation Tax purposes, so long as the bonus is paid within nine months of the company year end. It is important to get the timing and procedure right, and we can advise on the best way to proceed.

Profit extraction through pension contributions

Pensions provide significant planning opportunities, though thinking now needs to take account of the extension of Inheritance Tax to unused pension funds and death benefits from 6 April 2027.

Contributing to a personal pension, however, continues to make sense. If the company makes employer contributions to a personal pension for a director-shareholder, the advantage is two-fold. The company (as employer) gets tax relief and saves on NICs. The director-shareholder (as employee) gets a benefit free of tax and NICs. Note also that employer contributions are taken into account in determining the recipient's annual allowance for pension purposes.

Tip: Continued advantage to employer contributions

The Autumn Budget 2025 announced forthcoming change to the National Insurance exemption on salary-sacrificed pension contributions. This will cap the exemption at £2,000 and will take effect from 6 April 2029. There is no change, however, to the NICs exemption for employers making pension contributions outside a salary sacrifice scheme.

Rules to remember

- Employer contributions must meet the test of being wholly and exclusively for the purposes of the trade.
- The overall remuneration package must be commercially justifiable.

Tip: Contributions for family members

The company can also make pension contributions for a spouse, children, or other family members employed in the business, provided always that they meet the rules set out above.

Do please talk to us for specific advice in this area.

Dealing with directors' loan accounts

What are directors' loan accounts?

It is common for director-shareholders in family companies to have a loan account with the company. This might take a number of forms: sometimes it is a specific amount borrowed outright as a short-term loan, but more often it may comprise informal transactions such as cash withdrawals to meet personal expenditure; or personal expenses that are paid directly by the company.

Tip: Active area of HMRC compliance

HMRC has increased its compliance activity around directors' loans over the last year. This has included nudge letters to company directors who had a loan written off within specific dates, where HMRC thinks that this might not have been entered on the tax return.
This attention from HMRC is a timely reminder of the importance of getting compliance right, as errors have the potential to impact the tax position for both the individual director and the company.

Overdrawn accounts

Where a director has borrowed more, overall, from the company than they have lent to it, the director's loan account is said to be overdrawn. The balance is then usually cleared a few months after the year end, when profits have been determined. This is typically done by voting a dividend or paying a bonus.

Implications for Corporation Tax

Most family companies are what are technically known as 'close' companies. This brings them within scope of the loans to participators rules. These rules mean that there may be a Corporation Tax liability, often known as a s455 charge, if the loan is not paid within nine months and a day after the end of the accounting period. The charge is currently 33.75%.

Tip: s455 charge increasing

Because the s455 charge is set by reference to the upper dividend rate, new rules on dividend rates announced in the Autumn Budget 2025 increase the s455 charge by two percentage points. It will therefore become 35.75% from 6 April 2026.

When the loan is then paid, released or written off, the charge can be reclaimed from HMRC. There is a timing difference, however, with tax being reclaimed nine months and a day after the end of the accounting period in which the loan is repaid.

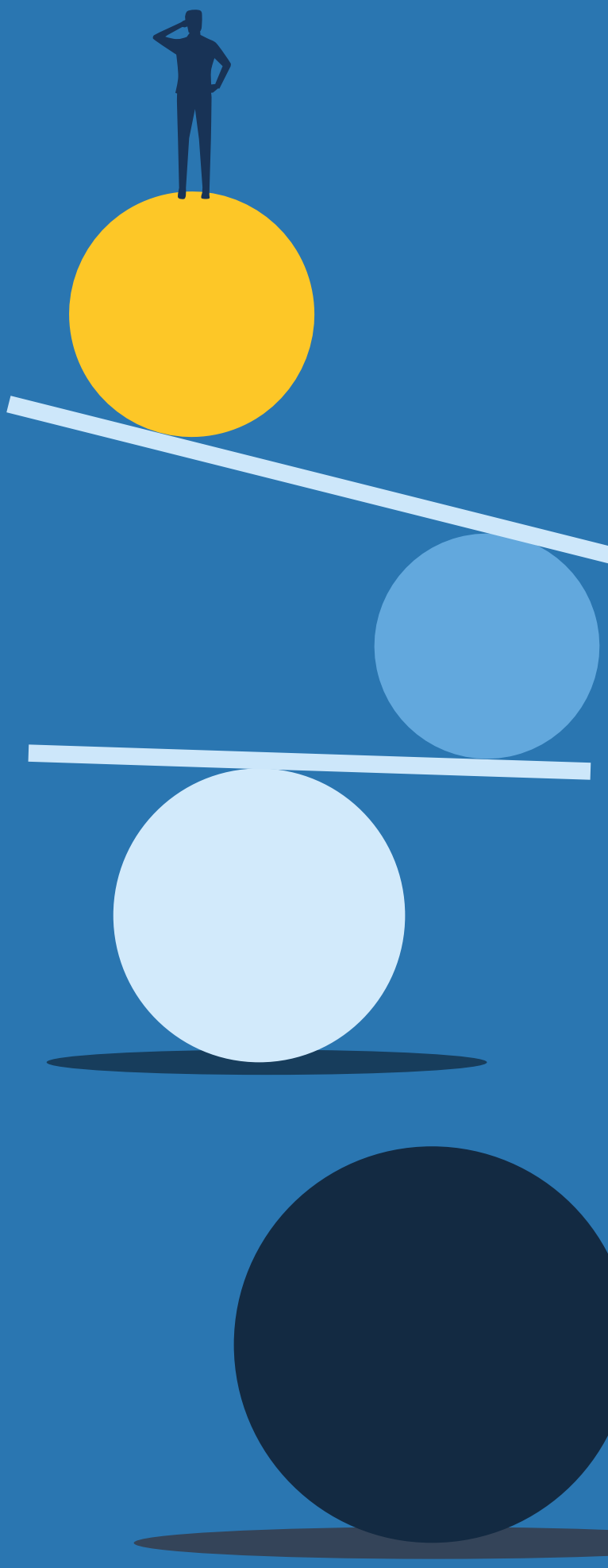
Tip: Check the overall tax position

Some loans to director-shareholders can fall to be treated as taxable employment benefits. There can also be Income Tax implications for the individual where a director's loan is written off, as well as National Insurance consequences for the individual and company. The rules are complex, and we are happy to discuss your individual circumstances with you.

Planning so the charge does not arise

The charge does not normally arise if the director-shareholder pays off the loan balance within nine months and a day of the accounting year end. Clearing the loan balance can be done by paying dividends; payment of a bonus; repaying in cash; or by writing off the loan.

Please call on us for further advice in this area.



Unincorporated business matters

Making Tax Digital for Income Tax

Making Tax Digital for Income Tax (MTD IT) is being introduced in phases from 6 April 2026. For the first group of taxpayers impacted, this is now only weeks away.

Mandatory new rules

MTD IT is a complete change in the way that taxpayers report income and expenses to HMRC. The new system requires submissions throughout the year, not just at the end.

The rules for MTD IT require sole traders and landlords to keep accounting records digitally and use specific commercial software capable of two-way communication with HMRC systems. This software is then used to send quarterly updates to HMRC, so that HMRC receives totals of specific income and expense categories every three months. Accounting and tax adjustments are optional at this stage.

At the end of the year, there is a further process, whereby an end-of-year tax return is filed, also via the MTD software.

Note that a separate set of quarterly updates will be needed for each trade or property business. This means that a sole trader who also has a property business needs eight quarterly updates each year.

Who is impacted?

- Sole traders and landlords with income over particular thresholds.
- Partnerships are not currently in MTD IT. They are expected to join in future, but there is no timeline for this yet.
- Companies are not in MTD. HMRC will modernise Corporation Tax reporting as a separate exercise.

There are limited exemptions and deferrals. The rules allow some individuals to apply for exemption on the grounds of digital exclusion, but in practice, the bar is likely to be so high as to be inaccessible.

When does it start?

- From 6 April 2026, if qualifying income is more than £50,000 for the 2024/25 tax year.
- From 6 April 2027, if qualifying income is more than £30,000 for the 2025/26 tax year.
- From 6 April 2028, if qualifying income is more than £20,000 for the 2026/27 tax year.

Other changes

New penalty system: A new points-based penalty regime for late payment of tax and late filing of returns is being introduced alongside MTD IT. It aims to penalise those who persistently miss payment and filing deadlines, and to be more lenient where taxpayers only occasionally miss their obligations.

There is a soft transition period as taxpayers enter MTD IT. No penalties will apply where MTD IT quarterly updates are submitted late in the 2026/27 tax year: it is understood that this applies only to the first cohort of taxpayers entering MTD IT. For the first year in the new penalty system, where payment is late, penalties will not be charged until payment is 30 days overdue, rather than 15.

Payment of tax: At present there is no change to the date that tax will need to be paid under MTD IT. The Autumn Budget 2025, however, announced that the government is exploring the idea of change, and will consult on 'timelier' tax payment shortly.

Action point: Prepare now

It is important to make sure that your business has appropriate software in place to handle quarterly updates and the MTD IT end-of-year tax return. Please talk to us if you have any queries in this area.

The introduction of MTD IT is a major change. There are bound to be initial issues as your business adjusts to the new rules and a different set of demands through the year, but we are on hand to help. Please don't hesitate to get in touch.

Basis period reform

Background

The way that business trading income is allocated to tax years for Income Tax purposes changed from 6 April 2024 for some self-employed and partnership businesses. The impact of the change is still being felt.

The change is known as basis period reform, and it only applies to businesses that do not use a 31 March or 5 April year end. Under the new rules, businesses are taxed on the profits arising in the tax year, rather than in the business accounting year, as has previously been the case.

Practical implications

Special rules exist for profits arising between the accounting year end and 5 April 2024, when the new rules started to take effect. By default, these profits, known as transition profits, are spread over five years, starting with 2023/24.

You do not, however, have to use this default treatment, and varying the spread of profits is something that can be used as a planning tool in some circumstances. It may, for example, be useful to vary the spread of profits if your business is growing and you anticipate paying tax at higher rates in coming years. It may also help minimise the loss of the Personal Allowance where income is more than £100,000.

Tip: Elect to accelerate

You can elect to accelerate the amount of transition profits brought into account in a tax year. This is done on the self assessment tax return. We should be happy to help here.

Tax and side hustles: understanding the rules

More people than ever now have a side hustle, or second source of income, and it is important to appreciate the possible tax implications.

HMRC has created a new online tool, which aims to help users work out if they need to notify HMRC about income from sources like selling goods online or creating online content. It may make a useful starting point if, perhaps, younger members of the family ask to be pointed in the right direction. It can be found by searching 'Help for hustles'.

Compliance responsibilities

Notifying HMRC: There may be a need to notify HMRC of income received, and this is a responsibility distinct from any question of tax liability. HMRC must be notified where income is above a particular level. An allowance known as the trading allowance covers trading income of £1,000 or less each year without paying tax. Another allowance, the property allowance, gives the same tax-free treatment to £1,000 property income. Where income is below these limits, there is usually no need to report it to HMRC. Where income is above the limits, HMRC must be notified.

Tax liability: If someone has a side hustle, it does not necessarily follow that there is a tax liability, unless income from all sources, including the side hustle, is over the basic Personal Allowance of £12,570.

HMRC access to information: HMRC has access to a wide range of information sources, and is well placed to spot signs of economic activity. New rules for digital platform operators, such as Deliveroo, Airbnb and eBay, mean they must now collect and check details of users, and report information to HMRC where sales are above particular levels.

Knowing when a hobby has turned into taxable trading can be difficult to determine. We can help you – or the next generation of entrepreneurs – navigate the necessary admin.

Plan for tax efficient business motoring

Planning for the cost of business motoring is always important, and there can be significant tax implications to factor into the decision making process.

Electric vehicles: the way ahead?

Tax incentives continue for the purchase and ongoing costs of zero and low emission vehicles, and they have made electric technology a particularly attractive option. But as time goes by, and the government achieves its aim of getting more electric vehicles on the road, the benefits are starting to flatten out.

Businesses may therefore want to consider whether they should buy into electric technology now, while the advantages are still near their peak.

There are two key points to consider: significant upfront tax relief for employers buying new electric cars; and the part low emission cars can play in controlling benefit in kind costs and crafting an attractive remuneration package.

Buying new

The rules for capital allowances continue to be very favourable for the purchase of new electric cars.

Existing first-year allowances (FYAs) of 100% for new zero emission cars and electric vehicle charge points have been extended until 31 March 2027 (for Corporation Tax) and 5 April 2027 (for Income Tax). Note that this 100% FYA is only available where a car is purchased, not leased, and that used electric cars default to the 18% Writing Down Allowance (WDA). From April 2026, the WDA drops to 14% per year.

This contrasts with the treatment for cars with internal combustion engines (ICE). These get tax relief gradually, via annual WDAs, and the difference in timing can be significant to business cash flow. WDAs depend on CO_2 emissions. From April 2021, cars purchased with emissions not exceeding 50g/km attract 18% WDAs (14% from April 2026): and with emissions in excess of this, 6% WDAs.

The rules for vans are different, and we can provide further information here.

Controlling benefit in kind costs

With higher employer National Insurance costs for employers across the board, using low emission vehicles can help keep costs down. The lower benefit in kind costs and other tax breaks also mean that employers can provide employees with an attractive remuneration package at a reduced cost.

Costs involved

A benefit in kind charge, often called company car tax, arises where directors and other employees are provided with a car available for private use. For employers, this means paying Class 1A National Insurance contributions (NICs) on the benefit in kind. The Class 1A charge continues to be 15% for 2025/26.

Tip: Arguing the point on private use

The benefit in kind charge does not arise if the vehicle is not available for private use. This is a high hurdle, and is more demanding than simply not being used privately. Please talk to us if you have questions in this area.

Comparing costs: electric and internal combustion engine technology

The benefit in kind charge is worked out by reference to the list price of the car, plus particular taxable accessories. This is then multiplied by the appropriate percentage, a figure based on the vehicle's CO_2 emissions. Lower emission vehicles have significantly lower percentages.

ICE vehicles have a maximum percentage of 37% in 2025/26; 2026/27 and 2027/28. The position for zero emission vehicles, on the other hand, is very different:

Appropriate percentages for zero emission vehicles	
2025/26	3%
2026/27	4%
2027/28	5%
2028/29	7%
2029/30	9%

As these figures also show, however, the initial very favourable treatment is slowly changing.

Autumn Budget 2025 announced a temporary easement for plug-in hybrid electric vehicles made available for private use, to counter the impact of new emission standards. A nominal value will be used to lessen the benefit in kind charge. This will apply retrospectively from 1 January 2025 until 5 April 2028, and for eligible vehicles until the earlier of variation or renewal of the arrangement, or 5 April 2031.

Note that electricity does not count as a fuel for the purposes of car fuel benefit. This means there is no taxable benefit where employers provide charging facilities at or near the workplace; or pay for a charging point for the employee at home; or for a charge card to be used at public charging points.

Creating a cost efficient package for employees

Change to the tax rules in recent years means salary sacrifice arrangements are no longer efficient for ICE vehicles. They can, however, be particularly beneficial for cars with zero emissions.

Tip: Use salary sacrifice

In a typical arrangement, the employer leases an electric car, which is then paid for out of gross salary by the employee. Care is needed with the arrangement, and minimum wage rules also need consideration. But where everything is put in place correctly, it can result in employer NICs savings on the difference between salary after sacrifice, and the benefit in kind. The arrangement can also provide the employee with a more affordable entry into the electric market. Please talk to us for more advice.

Other points to consider

Excise Duty: Electric vehicles, registered on or after 1 April 2025, receive favourable first-year rates of Vehicle Excise Duty (VED) at £10. A further incentive sees an increase in the VED expensive car supplement threshold for zero emission vehicles. The threshold will go up to £50,000 (from £40,000) from 1 April 2026, and will apply to such vehicles registered from 1 April 2025 onwards.

The Autumn Budget 2025 announced a new mileage charge, the Electric Vehicle Excise Duty (eVED) for electric and plug-in hybrid cars, due to take effect from April 2028. This will be set at 3p per mile for electric cars, and 1.5p per mile for plug-in hybrids, with the charge being paid alongside existing VED. The government is consulting on how this will work in practice.

Direction of travel

As the gradual increase in appropriate percentages and introduction of eVED show, the current generous tax breaks for electric vehicles won't last for ever. We are happy to discuss the potential benefits while they are still on the table.

Double cab pick-ups: no longer such a good deal

New rules on the tax treatment of double cab pick-ups (DCPUs) announced in the Autumn Budget 2024 have now taken effect, with cost implications for employers and employees where DCPUs are still used. HMRC has also confirmed that the new rules include models sometimes referred to as extended, extra, king and super cab pick-ups.

Under the new rules, the 'primary suitability of a vehicle at the time of manufacture' now determines whether a vehicle is classed as a car or goods vehicle for capital allowances and benefit in kind purposes. This effectively means that most DCPUs now stand to be treated as cars.

Tip: Changing vehicles

Though it may make the drive less attractive, replacing DCPUs with single cab pick-ups, all-terrain vehicles or vans can still facilitate access to the more beneficial tax rules.

We can help

The tax implications of decisions on business motoring are extensive, and can impact areas that range from capital allowances to the benefit in kind rules. Please talk to us to steer the best route through.

Property matters

Compliance for property owners continues to be demanding.

Separate Income Tax rates for property income

The Autumn Budget 2025 has announced that there will be separate Income Tax rates for property income from 2027/28. They will be:

- 22% for basic rate taxpayers
- 42% for higher rate taxpayers
- 47% for additional rate taxpayers.

These rates will apply across England and Northern Ireland. The government will engage with the devolved governments of Scotland and Wales to give them the ability to set property income rates. The first year this power could come into effect in Scotland would be 2027/28.

A new order of taxation for the purposes of the Income Tax calculation will also apply from 6 April 2027. It will not be possible to use the Personal Allowance against property income in priority to employment, trading or pension income. This will potentially see property income exposed to higher rates of tax than all other income except savings and dividend income.

Property income is any income from letting land and buildings. Individuals have a Property Allowance. This exempts property income of up to £1,000 per year. Property income over £1,000 can be reduced either by the £1,000 Property Allowance, or by deducting relevant expenses.

Making Tax Digital for Income Tax (MTD IT)

MTD IT, introduced in phases from April 2026, has some aspects that particularly impact landlords. These include the fact that:

- for joint property owners, it is the individual share of joint property income that is taken into account
- UK property and overseas property are treated as separate businesses. Income from different properties will need to be grouped under these two categories before submission, with separate quarterly updates needed for each. Someone letting property in the UK, plus a cottage in France, for instance, would need to file eight updates per year
- separate quarterly updates are also needed where there is a source of self-employment income. Adding this into the example above, twelve quarterly updates per year would be needed
- if property is held in joint names, each individual owner must file their own quarterly update, if their income requires them to be in MTD IT
- there are areas of complexity for jointly-owned property, particularly as regards record keeping - as well as some simplification options.

Further information on MTD IT is given in the Unincorporated Business Matters section of this Guide.

Please talk to us to make sure that you have everything in place to comply with the new rules.

Capital Gains Tax matters

For most people, access to Private Residence Relief (PRR) on sale of a main residence is unproblematic. Complexities can arise, however, for example where the property is let, or where you own two properties.

Please talk to us for more information.

High Value Council Tax Surcharge

The Autumn Budget 2025 announced that from April 2028, there will be a new High Value Council Tax Surcharge applying to properties in England valued at £2 million or more. It will be collected alongside the existing Council Tax due for the property.

In Scotland, there will be two new high value Council Tax bands for the most expensive residential properties from 1 April 2028. These will sit above the current highest band, and will be based on up-to-date values for these properties only. All other homes will remain on the existing valuation framework. Band I will apply to properties valued between £1 million and £2 million; and Band J for properties valued above £2 million.

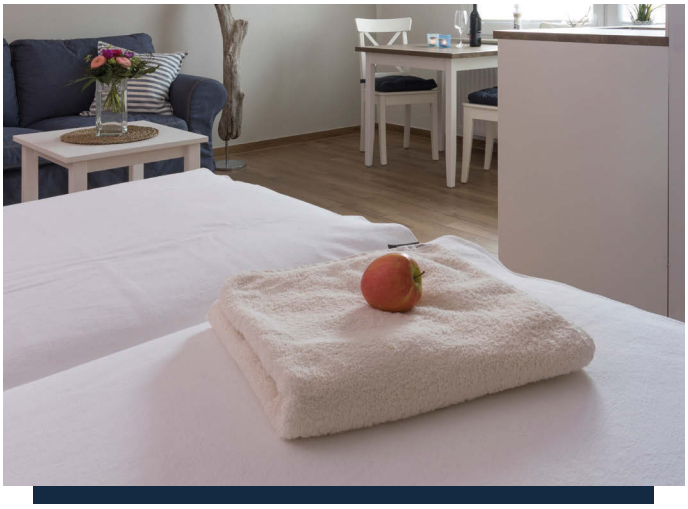
End of furnished holiday letting rules

Tax incentives for furnished holiday lettings (FHLs) ended from April 2025. The impact of this is significant.

Ongoing change

FHLs were treated as a trade, with beneficial tax treatment for capital allowances; finance costs, and also on disposal. Income from FHLs was also treated as relevant UK earnings for pension contributions. These incentives no longer apply.

Property owners who have continued to operate furnished holiday lets as before are therefore likely to see increased tax bills for 2025/26.



Assuming that other relevant conditions were met, there were last-chance opportunities to:

- dispose of an FHL business before April 2025 in order to access Business Asset Disposal Relief
- or sell the property before April 2025 and roll the gain on sale over into the purchase of new qualifying assets, using rollover relief.

If you took advantage of either of these routes, please talk to us as a matter of priority to ensure eligibility conditions are met.

Note also that if you had an FHL business that genuinely ceased before 6 April 2025, and is disposed of after 6 April 2025 and within three years of cessation, there is still a possibility of accessing BADR. Again, please do talk to us for advice here.

Other ongoing impacts

- Where a holiday let is jointly owned by spouses, net rental income on which tax is payable will now be split 50:50 by default by HMRC. Where the actual share is different, treatment can be changed to reflect underlying ownership. This involves submitting Form 17 and supporting evidence to HMRC.
- If you have previously used FHLs as a means to obtain tax relief on pension contributions, an alternative strategy will be required.

We can advise further if you would like to review long term plans and objectives for your property as a result of these changes.

The family business

Highlighting tax efficiencies and points for family business owners.

Involve family members

For family companies and unincorporated businesses like partnerships and sole traders, involving members of the family is usually a good planning option. It gives the possibility of multiplying opportunities to extract profits before higher rates of tax are reached. It can also be useful where there is a spouse or child who might not otherwise use the Personal Allowance.

Ensure active involvement

HMRC is always keen to check the reality behind family arrangements. It is therefore important that family employed in the business really do play an active role.

Remuneration must be commercially appropriate, and must be incurred wholly and exclusively for the purposes of the trade. Make sure, too, that work done by family members can be evidenced. Note that where a non-working spouse is given shares in what is otherwise a one-person private company, HMRC may consider that this falls under what is known as the settlements legislation, and look to tax the working spouse on dividends. Please talk to us for more information in this area.

Use the Employment Allowance

The Employment Allowance (EA) allows eligible employers to reduce their annual National Insurance liability by up to £10,500. New rules taking effect in 2025 opened the scheme up to employers paying more than £100,000 in Class 1 National Insurance Contributions (NICs), and also increased the maximum EA.

Historically, some employers have not claimed where they would have been eligible to do so. The recent changes make the EA even more valuable in controlling National Insurance costs, and employers are well advised to check eligibility and make sure that the EA is claimed where appropriate.

Eligibility

The EA cannot be claimed by single director companies where the director is the only employee paid above the Class 1 National Insurance threshold. Where there is genuine scope to remunerate another employee at a level above the secondary threshold for employer NICs, this could enable access to the EA.

Note that where there are connected companies, only one company can claim the EA. It is up to the companies to decide between themselves which will do so.

Action point: Review use of the Employment Allowance

The EA is not given automatically: it must be claimed each tax year. In some circumstances, it may be possible to claim EA for the previous four tax years, going back to 2021/22. We can advise further here.

Why succession planning is now a priority

Having a plan for what happens to the business when the owner manager is no longer involved has always been important. Yet statistics regularly show that most business owners don't have a succession plan in place. They're too busy running the business to make it a priority, or the issue isn't one that they feel comfortable dealing with.

Forthcoming changes to the Inheritance Tax and Capital Gains Tax rules (covered in the Capital Taxes section of this Guide) however mean that a business that fails to plan for the future is more likely to face significant tax consequences than has previously been the case.

Plan the process

A succession plan is a business continuity plan as much as a succession plan. It's not all about an exit from the business, and it doesn't have to be a cliff-edge. A gradual process can often be an advantage to everyone involved. This can allow the current senior generation to step back, or take on a slightly different role, at the same time as bringing forward new members with new talents.

It might be that this involves difficult choices, but making those choices puts the business owner in the driving seat, rather than leaving future tax liability – and the future of the business – to chance.

The first step is to put a plan in place - and there is no better time to think about it than now. If there is already a plan in place, check whether it reflects current business and personal goals, and those of wider family. The next thing to consider is whether the plan takes into account the new outlook for IHT.

Formalise family arrangements

Family businesses are unique in having two distinct areas to manage. There's a business to run, with all that entails. Then there is the family dimension, and this is something that also needs careful handling, ideally with some sort of overarching framework agreed by all parties.

Simple things like defining who does what, and who has responsibility for particular areas of the business can have considerable impact. Look at the skills that family members have and make sure these are put to best use. Firming up roles and responsibilities lessens uncertainty and can help avoid conflict. Putting it all down in writing is another important step.

Communication is always important. Regular family meetings can allow open conversations and facilitate two-way flows of information. There can be advantages in structured quarterly board meetings, possibly with a neutral facilitator as chair. The formality of agendas and minutes can sometimes help maintain a boundary between business and personal issues: and some family businesses use a family constitution – a range of documents unique to them, setting out their values, goals, and governance structure.

Making a robust plan for the future can also mean considering whether appropriate formal arrangements are in place. These might include legal arrangements such as shareholder agreements; employment contracts; pre-nuptial and post-nuptial agreements as safeguards in the event of relationship breakdown; powers of attorney and up to date wills. Formalising areas that might otherwise be left to chance mean all parties know what to expect, and the scope for misunderstanding is reduced.

Use business structure to advantage

The way that the business is structured can also be used to facilitate a change-over process.

Using a partnership, for example, can have advantages such as allowing the spread of income and profits between family members. This might mean being able to provide income to family members in lower tax bands, while retaining flexibility to lessen the impact of higher tax bands on senior members.

In some circumstances, trusts can also provide a useful way to implement change. Where there is significant family wealth, the use of Family Investment Companies can combine tax efficiency with a structure that allows for the gradual transfer of wealth and control to incoming family members.

Plan ahead for Business Asset Disposal Relief (BADR)

BADR has always been a key relief for the disposal of a business or business assets. For many years, BADR, where available, has charged the first £1 million of qualifying lifetime gains at an effective rate of 10%, but the relief has become less generous:

- the rate of tax is 14% for gains on qualifying assets disposed of from 6 April 2025
- it rises to 18% for qualifying assets disposed of on or after 6 April 2026.

Careful attention to the way a business is owned and structured is essential to ensure eligibility for BADR, as various ownership conditions apply. They require, for instance, a minimum period of ownership of two years up to the date of disposal, and for companies, the requirement to hold at least 5% of the company's ordinary share capital, and the ability to exercise at least 5% of the voting rights.

Action point: Review eligibility for BADR

Claims for BADR can fail for lack of planning. Regular review of shareholdings and other requirements can ensure eligibility for BADR is maximised, and we can help you with this.

Use shareholding to facilitate the handover

Shareholding can help facilitate a gradual phasing in of new family members to a family company. Incoming family members can be given the chance to get involved in the family business, explore roles and demonstrate commitment, while the senior generation retains control. The use of different types of shares, with different rights attached (sometimes called alphabet shares) can be particularly useful here. Over time, the percentage stake in the business can be reset, with shareholdings used to pass the baton from one generation to the next.

Working with you

We are here to help you decide how your business should navigate the future. Please don't hesitate to contact us for more advice.

Tax rates and allowances

Income Tax rates and bands for 2025/26 are determined by which part of the UK someone lives in, and what type of income they have.

Rates and bands: English, Welsh and Northern Irish taxpayers 2025/26

Taxable income	Non-savings and savings income rate	Dividend rate
£0 to £37,700	20%	8.75%
£37,701 to £125,140	40%	33.75%
Over £125,140	45%	39.35%

With the exception of dividend rates (covered below) Income Tax rates and thresholds remain the same for 2026/27. Taxable income is income in excess of the Personal Allowance. Non-savings income broadly comprises earnings; pensions; trading profits and property income.

Change coming: It has been announced that the rules which govern the order in which reliefs and allowances are allocated against income will change from 6 April 2027. This means that the Personal Allowance and other reliefs will be set against income from employment, trading or pensions first. They will only be applied to property, savings and dividend income after this. Currently, the order of offset is a matter of choice.

Rates and bands: Scottish taxpayers 2025/26

Taxable (non-savings) income	Band	Rate
£0 to £2,827	Starter	19%
£2,828 to £14,921	Basic	20%
£14,922 to £31,092	Intermediate	21%
£31,093 to £62,430	Higher	42%
£62,431 to £125,140	Advanced	45%
Over £125,140	Top	48%

The recent Scottish Budget announced that the Basic and Intermediate rate thresholds will increase in 2026/27, with the Higher, Advanced and Top rate thresholds remaining frozen. The Starter band therefore becomes £0 to £3,967, the Basic band becomes £3,968 to £16,956, and the Intermediate band £16,957 to £31,092.

These rates and thresholds apply to non-savings income only. Scottish taxpayers pay tax on savings and dividend income using UK tax rates and bands. The Personal Allowance is set for the UK as a whole.

The Personal Allowance

In principle, everyone is entitled to a basic Personal Allowance before any Income Tax is paid. This meant that many people pay no Income Tax on the first £12,570 of income received, and those with lower levels of income may pay no Income Tax at all.

The Personal Allowance can be higher if someone is eligible for the Blind Person's Allowance.

The freeze to the Personal Allowance, and higher and additional rate thresholds has been extended until 5 April 2031.

Action point: Prioritise efficiency

The fiscal drag caused by the freezing of the Personal Allowance and tax thresholds such as the National Insurance limits and the Inheritance Tax nil rate band will have significant effect over time, adding to tax bills and pushing individuals into higher rates of tax. It is therefore all the more important to make sure that your affairs are structured as tax efficiently as possible, and we can help you review your position.

Manage hidden top rates of tax

Where income exceeds £100,000, there are additional points to watch. Though the 45% additional rate of Income Tax only applies to taxable income over £125,140, the effective rate of tax may be higher than this, as the Personal Allowance is reduced where adjusted net income is more than £100,000.

The Personal Allowance thus falls by £1 for every £2 of adjusted net income over £100,000, and where adjusted net income is £125,140 or more, all Personal Allowance is lost. The effective 'hidden' rate of tax on this income, is therefore 60%: and more if you are a Scottish taxpayer. Timely planning can help.

Action point: Minimise loss of Personal Allowance

It may be possible to reduce taxable income and keep the Personal Allowance by making personal pension contributions, or donations under Gift Aid. We can discuss this with you.

Taxing savings and dividend income

Savings Allowance: The Savings Allowance applies to savings income, such as bank and building society interest, with the amount available based on the marginal rate of tax. Broadly, those taxed at up to the basic rate of tax have an allowance of £1,000: higher rate taxpayers have an allowance of £500. Additional rate taxpayers do not receive the Savings Allowance.

Savings income within the Savings Allowance still counts towards the basic or higher rate band. It can thus impact the rate of tax paid on savings and dividends above the Savings Allowance.

0% starting rate for savings income: Some individuals qualify for a 0% starting rate of tax on savings income up to £5,000. This remains at £5,000 until 5 April 2031. The 0% rate is not available if taxable non-savings income (broadly earnings; pensions; property income and trading profits, less allocated allowances and reliefs) is more than £5,000.

Change coming: The rate of Income Tax for savings income will go up from 6 April 2027.

Income Tax for savings income	To 5 April 2027	From 6 April 2027
Basic rate	20%	22%
Higher rate	40%	42%
Additional rate	45%	47%

Dividend Allowance: The Dividend Allowance is available to all taxpayers, regardless of the marginal rate of tax. It charges the first £500 of dividends to tax at 0%. Dividends received above this are taxed at the rates shown in the table at the head of the page. Note that dividends within the Dividend Allowance still count towards the basic or higher rate band and can thus impact the rate of tax payable on income above the Allowance.

Change coming: The rate of Income Tax applicable to dividends will increase from 6 April 2026. Note that the additional rate remains unchanged.

Income Tax for dividend income	To 5 April 2026	From 6 April 2026
Basic rate	8.75%	10.75%
Higher rate	33.75%	35.75%
Additional rate	39.35%	39.35%

Action point: Review dividend planning

Profit extraction via dividends has become less central to remuneration planning in recent years as the Dividend Allowance has become less generous. The increase in dividend tax rate is another step along the same path. However, it may still be worth considering advancing dividend payment to access the lower rate of tax applying before 6 April 2026.

Separate tax rate for property income

There will be separate tax rates for property income from 6 April 2027, applying to income from letting land and buildings. In England and Northern Ireland, the rates are expected to be:

Property basic rate	22%
Property higher rate	42%
Property additional rate	47%

The treatment of residential finance costs for tax purposes remains the same, with individuals receiving basic rate relief as a tax reduction. Relief will therefore be given at the property basic rate from 2027/28.

Scotland and Wales: The UK government will engage with the Scottish and Welsh governments to provide them with the ability to set property income rates.

Tax and the family

Married couples

Spouses are taxed independently. Each has their own Personal Allowance and basic rate band. There is no sharing of tax bands.

Married Couple's Allowance is available where one party was born before 6 April 1935. The Blind Person's Allowance, if unused, can be transferred to the other spouse, but otherwise part of the Personal Allowance can only be transferred between spouses in specific circumstances (below).

Marriage Allowance

The transfer is sometimes called the Marriage Allowance, and it can be available where one spouse has not used all their Personal Allowance, and the other does not pay tax at higher rates. If eligible, one spouse can transfer 10% (£1,260) of the Personal Allowance, reducing the other's tax by up to £252 (20% of £1,260).

Planning for tax efficiency

Tax bills can be minimised where spouses aim to:

- distribute income optimally between them
- use their Personal Allowance, Savings Allowance and Dividend Allowance fully
- manage exposure to higher rates of tax.

Where each spouse is in a different tax band, distribution of income has always been important. But with the Personal Allowance and key tax thresholds frozen until 2031, fiscal drag will push more people into higher rates of tax each year. This makes the opportunity to minimise the impact on the overall household particularly valuable.

Planning for jointly owned assets

Where assets are owned in joint names, any income is assumed to be shared equally between spouses for tax purposes, even if the asset is not actually owned in a 50:50 ratio.

This treatment can be changed to reflect the actual share of ownership. It is done by making a declaration of beneficial interests in joint property and income to HMRC on Form 17. Evidence is needed to support this.

Example: Joint ownership

Sanjay and Izzy are married and own a buy to let property. Sanjay owns three quarters of the property, and Izzy one quarter.
Without an election, the net rental income on which tax is payable is split 50:50.
If the couple makes an election on Form 17, the income is split 75:25.
To decide which is the most beneficial treatment for the buy to let property, however, the couple needs to look at their overall position, and take other income into account.

Close company shares: The treatment of shares in close companies, a category into which many family companies fall, is different. Income from such shares is split in proportions reflecting actual ownership.

Capital Gains Tax (CGT)

Make use of the annual exemption

Spouses are taxed independently for CGT purposes. Each spouse has an annual exemption which can be used before any CGT has to be paid. The annual exemption is now fixed permanently at £3,000, and is no longer uprated yearly in line with inflation. Overall, the rules are less generous than in the past, but the annual exemption remains of benefit where assets are held jointly and then sold, with each spouse using their exemption to save tax.

The annual exemption cannot be transferred between spouses. Neither can a loss made by one party be set off against a gain of the other. Note also that the annual exemption cannot be carried forward to future years. It must be used or lost.

Transfer assets between spouses

The transfer of assets between spouses is neutral for CGT, and such transfer is sometimes carried out shortly before an asset is sold to minimise tax. This can be useful if one pays tax at higher rates and the other has not used the basic rate band in full. It may also make the difference between paying tax at 18% rather than 24%.

Tip: Take care with transfers

Any transfer must be an outright gift, and the donor should no longer exert control over, or derive benefit from the asset.
The transfer of assets between spouses, or transfer of interests in a business can prompt questions from HMRC. This is particularly the case if tax saving seems to be the main reason for the transfer. Please do talk to us in advance of any action to make sure that arrangements are effective, and do not inadvertently fall foul of any anti-avoidance rules.

Planning points for unmarried couples

Unmarried couples will find it beneficial to equalise income as much as possible to minimise Income Tax. But it should be noted that unmarried couples do not benefit from CGT neutral transfers between parties, making the transfer of assets potentially liable to CGT. Where any such transfer is substantial, an Inheritance Tax (IHT) liability could also arise.

Will planning is especially important for unmarried couples. Both parties must make a will if they want the other to benefit from their estate at death.

Children

Children are treated independently for tax purposes. If they have sufficient income to be liable to tax, they are treated as an adult would be treated, with their own Personal Allowance; basic rate tax band; savings band; and their own CGT annual exemption.

Working in the family business

To make use of the Personal Allowance, younger members of the family can sometimes be employed in the family business, subject to any relevant legal restrictions. Employment must be a reality, with payment only made where work is actually done, and the rate of payment being commercially justifiable. Attention to minimum wage rules is also needed.

Transfer of income producing assets

Where a child's income is low, there may be some scope to transfer income producing assets to them, in order to use their Personal Allowance.

For optimal tax efficiency, consider who is best to make any such transfer, however. If provided by a parent, the income remains taxable on the parent if it exceeds £100 (gross) per tax year. This means that there is sometimes more scope for a grandparent or other relative to pass wealth to the next generation. In this case, the implications for IHT should also be taken into account.

Top tips for grandparents

IHT lifetime gifts: There were fears that Autumn Budget 2025 might chip away at the rules around IHT exemptions. This, however, did not happen, and there continue to be a number of measures that can be used to advantage in a family context. They are often used to enable grandparents to provide financial help to grandchildren in a tax efficient manner, and by reducing the value of the estate that sits above the £325,000 nil rate band, they also work to reduce any IHT due on death.

Areas to consider include use of the IHT annual exemption of £3,000; and other exemptions allowing small gifts of up to £250 per recipient; wedding gifts of up to £2,500 to a grandchild or great grandchild; and gifts made out of normal expenditure out of income. Gifts can also be exempt if made more than seven years before death.

Pension contributions: One way a lifetime gift can be structured is as a pension contribution for a grandchild. A pension can be set up from the child's birth, and whilst only a parent or guardian can set the pension up, anyone can contribute thereafter. A contribution of up to £2,880 per year can be made. This automatically receives 20% tax relief, bringing the figure up to £3,600 per year.

Where the maximum figure is invested every year from birth to age 18, and then left to grow until the grandchild reaches retirement age, this could represent significant financial provision for the future.

Tip: Contributing to a pension for an adult child

Making pension contributions for an adult child can also make a significant impact. For tax purposes, contributions by a third party are treated as though the individual scheme member had made them. As well as helping boost the pension, therefore, such contributions will impact the figure for adjusted net income used to determine eligibility for the High Income Child Benefit Charge, Tax-Free Childcare, and the Personal Allowance taper. The value of this is not to be understated.

In summary: Getting the IHT rules right is complex. As well as the implications for tax, it is important to take an all-round view, including the impact of gifts on the overall financial wealth of the donor. Please contact us to explore this further.

Use Junior Individual Savings Accounts (ISAs)

Junior ISAs are available for children under 18, who live in the UK. Parents, or guardians with parental responsibility, can open a Junior ISA for their children. The investment limit remains £9,000 per year.

Tip: Act before 6 April 2026

ISA limits apply per tax year, and cannot be carried forward. They must be used before 6 April or lost.

Junior ISAs cannot be held at the same time as a Child Trust Fund (CTF).

Management of the investment falls to the parent or guardian, but the money belongs to the child, who can take control of the account from age 16. No withdrawals can be made, however, until they turn 18. A Junior ISA will automatically change into an adult ISA when the child reaches this age. Those aged 16 or 17 can open their own Junior ISA.

Child Trust Funds

CTFs were set up for children born between 1 September 2002 and 2 January 2011, with an initial government deposit of at least £250. Matured CTFs are worth on average around £2,240, and when the owner turns 18, they can decide whether to withdraw or reinvest the money.

Tip: Check for 'forgotten' Child Trust Funds

The government estimates that 758,000 matured CTFs have not been claimed by their owners. Many have simply forgotten that a CTF was opened for them. Searching 'find my Child Trust Fund' on gov.uk will start the process of tracking down any lost account.

Lifetime ISAs

Parents or grandparents may want to consider gifting funds to adult children to invest in a Lifetime ISA (LISA). LISAs can currently be used to buy a first home, or save for later life, and can be opened between the ages of 18 and 40. The maximum investment limit is £4,000 per year. To this, the government adds a top-up of 25%, capped at £1,000.

Note that the government is about to consult on the introduction of a new, first time buyer only product that will provide a bonus when used to buy a house. It is expected that it will still be possible to open a LISA until such a product becomes available, and for existing account holders to continue to save into their LISA in line with the existing rules indefinitely.

Where Gift Aid fits in

Gifts made under Gift Aid to charities or Community Amateur Sports clubs have surprisingly tax efficient consequences.

They can be used as a planning tool, reducing taxable income for:

- the High Income Child Benefit Charge and Tax-Free Childcare
- the Personal Allowance taper
- and generally, as a safeguard against being pushed into higher tax bands.

Claim higher rate relief

Those paying tax at higher rates can get a refund of the difference between the basic rate tax paid on the donation, and the higher rate they actually paid. This is something that becomes even more relevant with the current freeze on the Personal Allowance and key tax thresholds, which will take more taxpayers into higher rates of tax.

Tip: Remember to claim higher rate relief
Many people paying tax at higher rates fail to claim the additional relief to which they are entitled. A claim can be made via the tax return, or by asking HMRC to amend the tax code.

Getting the admin right

It is important to record all donations under Gift Aid. The date; the amount of the gift; and name of the recipient charity should be noted. A valid Gift Aid declaration must also be in place.

If one spouse pays tax at higher rates, and the other at basic rate, in order to benefit from enhanced relief, it should be the higher rate taxpayer who makes the Gift Aid declaration.

Timing is important

Where a donor is planning a significant donation to charity, and there is the likelihood that they will be paying tax at a higher rate next year, making the gift after 5 April 2026 can provide flexibility.

A gift made before 5 April 2026 can only be set off against 2025/26 income; but one made between 6 April 2026 and 31 January 2027 could be treated as made in either the 2025/26 or 2026/27 tax year.

The conditions to do this are strict. To treat such a gift as if made in 2025/26, a carry back election is needed. The donation must be paid, and the election made no later than 31 January 2027, and must be included in the 2025/26 tax return. The claim must be made in the tax return, and cannot be made in an amended return. The chance to make a carry back election is lost once a return is filed. This means advance planning is vital.

If this is of relevance to you, we should be pleased to discuss the options available.

Pension planning

Pensions are one of the most tax efficient ways to save, and strategic planning around contributions remains one of the most important tax planning tools available. Forthcoming change to the Inheritance Tax rules on unused pension funds and death benefits, however, will require consideration.

Tax relief

In overview, taxpayers benefit from tax relief on contributions at their marginal rate, and tax relief is available on contributions in any given tax year up to the higher of 100% of net relevant earnings, or £3,600 (gross).

Tip: Pension contributions can reduce adjusted net income

Making pension contributions can help reduce adjusted net income for the High Income Child Benefit Charge; access to Tax-Free Childcare; and the Personal Allowance taper.

The annual allowance

Complex rules limit tax relief on high levels of contribution. The annual allowance limits the amount of tax-relieved pension saving that can be made per year, and this remains at £60,000 for 2025/26. A tax charge can arise if annual pension contributions go above this limit.

Lower annual allowance for higher levels of income

The annual allowance is tapered for those with high income: high income for this purpose means having 'threshold income' more than £200,000 (broadly, net income less relief at source pension contributions and salary sacrifice pension contributions) and 'adjusted income' (broadly threshold income plus pension contributions by the employer) more than £260,000.

Generally, for adjusted income more than £260,000, the taper reduces the annual allowance by £1 for every £2 of the excess, down to a minimum allowance of £10,000 where adjusted income is £360,000 or more.

The rules here are complex, and we recommend taking professional advice as to the impact in your individual circumstances.

Use annual allowance from earlier years

A carry forward of unused annual allowance is available for three years. This is useful for individuals who have uncertain income streams or in situations where the owner managed business company employer has fluctuating profits, and may allow higher contributions to be made in a given tax year where there is brought forward capacity available.

For 2025/26, the unused allowance that can be brought forward is from 2022/23, 2023/24 and 2024/25, provided the individual was a member of a registered pension scheme at some time during the relevant brought forward tax year. Note however, that the annual allowance available for 2022/23 was only £40,000.

Unused annual allowance carried forward is the amount by which the annual allowance for that tax year exceeded the total pension savings for that tax year.

The annual allowance for the current tax year is always used before any unused allowance brought forward. The earliest year unused allowance is then used before a later year. Please do talk to us for further advice.

Tip: New HMRC procedure for tax relief for some personal pensions

From 1 September 2025, HMRC will require evidence to support all PAYE claims for higher rate or additional rate relief to be given through the tax code. This was not required in all cases previously. A letter or statement from the pension provider, or a payslip from the employer will now be required. We can provide further details of what is involved.

Keeping track of pension savings

It is not unusual for people to lose track of pension savings over time. Figures suggest that some 3.3 million pension pots, containing £31.1 billion in assets, are 'lost'. The average size of a lost pot is highest among those aged 55 to 75, and stands at £13,620.

Tip: Connect with lost pension pots

Some pension providers offer a pension tracing, checking and consolidation service. There is also a government Pension Tracing Service. Looking forward, the government is promoting the roll-out of the pensions dashboard, an online tool giving access to individual pensions information online, securely and all in one place. Though there is no firm date for public access to the tool yet, it is also expected to help with the problem of lost pensions.

High Income Child Benefit Charge and Tax-Free Childcare

These are areas that can add considerable complexity.

High Income Child Benefit Charge

How it works

The High Income Child Benefit Charge (HICBC) applies where one of a couple gets Child Benefit and either they, or their partner have what is called adjusted net income above a certain threshold. Adjusted net income is broadly net income after the deduction of contributions to personal pension schemes and Gift Aid payments.

For income earned above this threshold, the charge claws back Child Benefit payment until an upper threshold is reached. At this point, all financial benefit of receiving payment is lost.

Current thresholds

The HICBC now applies where adjusted net income is more than £60,000. It then claws back Child Benefit payment at a rate of 1% for every £200 of income above £60,000, to the upper threshold, which is £80,000.

Who is liable

For HICBC purposes, partner means spouse, civil partner, or someone you live with as if you were married.

If both parties are over the income threshold, HICBC is the responsibility of the higher earner; this means that either partner can be liable, regardless of whether they are the one receiving Child Benefit. This can cause practical issues where couples run their finances independently, and one party doesn't know the other claims Child Benefit.

How to pay: latest information

The procedure for payment has been problematic in the past, and anyone who had to pay the charge was required to complete a self assessment tax return. There is now, however, the option to use a new service and pay the HICBC through PAYE, by having the tax code adjusted.

The PAYE route can be used provided there is no other reason to submit a self assessment tax return, such as self-employment or rental income. Anyone who needs to stay in self assessment must also pay the charge through self assessment.

The PAYE option is only available on or before 31 January in the year after the tax year for which there is a liability.

Example: Registration time limits

Sandra needs to pay HICBC for the tax year starting 6 April 2025. She can register to do so under PAYE until 31 January 2027.

Note, however, that where someone has previously been registered for self assessment in order to pay HICBC, they need to deregister from self assessment first. This is done by phoning HMRC. They then need to register to pay under PAYE. The page with relevant details on gov.uk is found by searching 'Child Benefit tax charge pay charge PAYE'.

Tip: Plan before 5 April to minimise liability to HICBC

If both partners can keep income below £60,000, it is possible to keep payment of Child Benefit in full. Strategies to do this include:

- making personal pension contributions
- making payments under Gift Aid
- reallocation of profits where spouses are in business together.

It is important to get the detail and timing right, and we can advise further here.

Planning round Tax-Free Childcare

Tax-Free Childcare (TFC) helps with the cost of approved childcare for children up to age 11, on a per child basis. For disabled children, the age limit is 16.

Eligible parents register with the government and open an online account. The government then tops up payments into the account, at a rate of 20p for every 80p paid in, with a maximum top-up of £2,000 per child. For disabled children, the maximum is £4,000.

Who qualifies

Claimants must generally be in work, either on an employed or self-employed basis. They and their partner must generally have adjusted net income less than £100,000 per year, but expect to earn at least the equivalent of 16 hours at the minimum wage per week for the three months following application. This is around £203 per week for those over 21 in 2026/27. Some types of income, such as dividends and interest, do not count towards this minimum earnings requirement.

Tip: Plan for eligibility

TFC can be claimed until adjusted net income is over £100,000. If income goes over this limit, all entitlement is lost. Strategies which reduce adjusted net income for HICBC purposes will also reduce income for TFC.

We can help

Please contact us for further information in any of these areas.

Investing tax efficiently

Tax efficient investment comes with varying risk profiles.

From high risk to low risk, we look at both ends of the spectrum.

Venture capital schemes

These offer generous tax incentives to individuals investing in young, higher risk companies which are not listed on a recognised stock exchange.

Specific conditions must be met to qualify for tax relief under the schemes. These include rules on how long shares must be held for. Do please contact us to discuss this further.

The Enterprise Investment Scheme (EIS)

The main tax advantages of the EIS are:

- Income Tax relief on the investment at 30% on investments of up to £1 million per year, and £2 million for knowledge-intensive companies. This relief can be carried back to the previous tax year
- Capital Gains Tax (CGT) exemption on gains made when the EIS shares are disposed of
- there is also the possibility of deferring capital gains on the disposal of other assets on the purchase of EIS shares.

Seed Enterprise Investment Scheme (SEIS)

This also provides generous tax relief for individuals investing in new, unquoted, growing companies. Qualifying investors can invest up to £200,000 per tax year in qualifying companies, receiving Income Tax relief of up to 50% of the sum invested. Some, or all, of any unused relief in one tax year can also be carried back to the preceding tax year if there is unused relief available for that year. There is also favourable CGT treatment.

Venture Capital Trusts (VCTs)

VCTs complement the EIS and SEIS; but whereas the EIS requires investment directly into the shares of a company, VCTs work via indirect investment through a mediated fund. VCTs are quoted companies required to hold at least 80% of their investments in shares or securities in qualifying unquoted companies.

Tip: Change coming

The Income Tax relief that can be claimed by someone investing in VCTs will fall from 30% to 20% from 6 April 2026. There is therefore a window before 6 April 2026 to invest in VCTs before the rate of tax relief falls. Please talk to us for more advice.

This is a high level overview designed to give an indication of some of the potential tax advantages accruing. For personalised, in-depth advice, please get in touch.

Individual Savings Accounts

Individual Savings Accounts (ISAs) are free of Income Tax and CGT, and do not impact the availability of the Savings or Dividend Allowances. The tax benefits of ISAs continue to be attractive, especially in view of the reduction in the CGT annual exemption in recent years.

There are four types of ISA:

- cash ISAs
- stocks and shares ISAs
- innovative finance ISAs
- lifetime ISAs (LISAs).

Investment limits

There is a maximum investment limit each tax year. In 2025/26, this is £20,000. This can be invested in one ISA, or split over multiple accounts. Only one LISA each tax year, however, is permitted. The maximum investment here is £4,000 per year.

Tip: Change coming

Following the Autumn Budget 2025, note that:

- ISA investment limits are frozen until 5 April 2031
- the annual ISA cash limit will fall from 6 April 2027, except for those over 65
- the government is consulting on a new first time buyer only product.

Change to cash ISA limit: This move is intended to encourage investment in stocks and shares instead. From 6 April 2027, therefore, the maximum that can be invested in a cash ISA will be £12,000, rather than £20,000, for anyone under the age of 65. The overall maximum will continue to be £20,000, but will in future need to include both cash and stocks and shares products. Those aged 65 and over are not impacted by the change and will still be able to invest up to £20,000 in a cash ISA.

Rules

ISAs: ISAs are available for anyone over 18, resident in the UK. Each spouse has their own yearly subscription limit, so although they cannot hold an ISA jointly, a couple can invest a maximum of £40,000 per tax year between them. Withdrawals can be made from an ISA at any time, without losing the tax benefits.

Junior ISAs: Parents or guardians with parental responsibility can open a Junior ISA for a child under 18 who lives in the UK. Junior ISAs are covered elsewhere in this Guide.

LISAs: LISAs are available to anyone resident in the UK, over 18, and under the age of 40. They are intended to help towards purchase of a first home, or provide for later life. The government provides a 25% top-up towards this, up to a maximum of £1,000 per year. Where money is withdrawn for any other purpose, the top-up is clawed back. An exception is made for those who are terminally ill, with less than 12 months to live.

Tip: Review ISA position each year

ISA limits cannot be carried forward to future years. They are lost if not used by the end of the tax year. We therefore recommend taking stock of your position by 5 April each year, to see if there is scope to take advantage of the ISA rules.

We can help

The tax treatment of any investment is important, and we help you assess the impact on your financial affairs. Please don't hesitate to get in touch.

Capital Taxes

Planning for the future is always important: forthcoming changes to Inheritance Tax now make it a priority.

The new rules impact business property relief (BPR) and agricultural property relief (APR); and the treatment of unused pension funds and death benefits. Overall, they change the outlook for planning considerably.

Capital Gains Tax basics

The Capital Gains Tax (CGT) rates for disposals by individuals are:

- 18% for UK basic rate taxpayers
- 24% for UK higher and additional rate taxpayers.

These rates also apply to the disposal of residential property. Scottish taxpayers pay CGT based on UK rates and bands.

Annual exemption: The annual exemption for 2025/26 remains at £3,000. An individual can make gains up to this limit without payment of CGT. In the case of spouses and civil partners, it is always beneficial if both parties can use the exemption.

Key CGT reliefs: These include private residence relief (covered in the Property Matters section of this Guide); business asset rollover relief, allowing a gain on a business asset to be deferred; and business asset gift relief, allowing a gain on business assets given away to be held over until disposed of by the recipient. It is also possible to bring forward unused allowable losses from previous years to reduce gains.

Business Asset Disposal Relief (BADR)

BADR may be available for certain business disposals, and has the effect of charging the first £1 million of gains qualifying for the relief at an effective rate of 14% for 2025/26. Strict eligibility conditions apply.

One such condition is that for companies, there is the need to qualify as 'trading' companies. The legislation defines this as not including 'to a substantial extent activities other than trading activities', and it can be a contentious area.

A recent case at the tax tribunal serves as a reminder of the importance of the trading condition. It concerned two taxpayers who had claimed BADR on the disposal of their shareholding in Chelsea Yacht and Boat Company Ltd. The company provided moorings, services and maintenance, and additional services such as repairs. The claim to BADR, however, was denied on the grounds that the company's main source of income was from mooring fees and licences (non-trading income), rather than 'trading' activity, such as boat repairs.

Tip: Monitor non-trading income

It is not unusual for a business to have a foot in both camps, as in this case. But to claim BADR successfully, it's important to keep the balance between trading income and non-trading income right. The trading condition can be challenged by HMRC, and mistakes can be expensive. We can help you review your eligibility for BADR on all fronts, and would recommend that you do this regularly, even if business exit is not on your immediate horizon. Getting it right now will keep your options open for the future.

BADR: Higher tax rate coming

The value of BADR has been chipped away over recent years, and the rate of tax increases again for disposals made on or after 6 April 2026.

Tip: Access BADR at current 14% rate

For disposals made on or after 6 April 2026, the rate of CGT for BADR rises from 14% to 18%.
Where eligibility conditions are already met, it might be possible to consider making any qualifying disposal before April 2026 to take advantage of the current 14% rate of relief. This is a very short window for action. Please talk to us as a matter of priority if this is important to you.

Investors' Relief

This CGT rate available for external investors in unlisted trading companies has been rising in stages. Like BADR, it increases from 14% to 18% for disposals made on or after 6 April 2026.

Employee Ownership Trusts

The rules on relief available for qualifying disposals by business owners selling their shares to Employee Ownership Trusts were changed with effect from 26 November 2025, and we can advise further here.

Cryptoassets

Disposal of cryptoassets may create a tax liability. In most cases, HMRC is likely to treat the holding of cryptoassets as a personal investment, rather than a trade, bringing disposals within the CGT rules.

Tip: Keep reporting in mind

The self assessment tax return now has boxes specifically for the reporting of profits and losses on the disposal of cryptoassets.
The trend of greater HMRC scrutiny takes a further step with new reporting rules from 1 January 2026. These require cryptoasset service providers to collect data and report information on those using their services, and will make cryptoassets transactions more visible to HMRC.

The taxation of cryptoassets is a complex area, and we can advise further.

Inheritance Tax

The basics

- IHT is paid on the value of an estate at death, and some chargeable lifetime gifts.
- The rate of tax on death is 40%, and 20% on lifetime gifts.
- Many lifetime gifts will escape IHT altogether where the donor lives for seven years after making the gift.

- Valuable IHT reliefs exist, such as the nil rate band and the residential nil rate band.
- IHT only affects a minority of estates, and there is usually no IHT to pay if assets are left to a spouse or civil partner.

The nil rate band and residential nil rate band

The first £325,000 is chargeable to IHT at 0%. This is known as the nil rate band (NRB). Unused NRB can be passed to the surviving spouse/civil partner. The residential nil rate band (RNRB) is a further nil rate band of £175,000 available where an interest in a qualifying residence is passed to direct descendants.

Taken together, this potentially gives relief of up to £1 million for the joint estate of a married couple/civil partnership. Restrictions apply where estates, before reliefs, are more than £2 million.

Tip: Consider impact of frozen thresholds

These IHT thresholds are now frozen until 5 April 2031, and the lack of uprating means not only that they become less valuable over time, but that more individuals are potentially brought within scope of tax. We can advise on the impact of frozen IHT thresholds in your individual circumstances.

Strategies for planning

Routine IHT planning involves making best use of all available IHT reliefs and exemptions; and taking advantage of the lower rate of tax on chargeable lifetime transfers. It is also important to consider the impact of other taxes. A lifetime gift, for example, may save IHT but create a CGT liability: and we are happy to help you decide on the implications of your plans for the future.

Clearly there are many factors other than tax to consider when making a decision that involves someone divesting themselves of any significant wealth, and it is important to retain sufficient capital and income for personal financial security. However, where circumstances permit, using the opportunity to make gifts up to the available limits can be a useful planning tool, reducing the chargeable value of the estate on the amount exceeding the £325,000 threshold for IHT.

Annual exemption

An amount of £3,000 per year may be given without an IHT charge. Any unused annual exemption can be carried forward for one year only.

Lifetime gifts

Lifetime gifts fall into three categories:

- potentially exempt transfers. IHT is only due here if the donor dies within seven years of making the gift. Taper relief, reducing the rate of IHT, may be available for gifts made three to seven years before death
- transfers to a company or trust, which are immediately chargeable
- exempt gifts.

Exempt gifts: Judicious use of exempt gifts can maximise overall relief, freeing up the annual exemption for use elsewhere.

Small gifts: Gifts to individuals of up to £250 in total per tax year, per recipient, are exempt.

Gifts for weddings or civil partnerships: Gifts to mark a wedding/civil partnership to a child are exempt up to £5,000; £2,500 for a grandchild or great-grandchild; and £1,000 for any other individual. This can be combined with any other allowance except the small gift allowance.

Normal expenditure out of income: Gifts made out of income, which are typical, habitual, and do not detract from the donor's standard of living are exempt. We are happy to explain the rules in more detail, but payments under deed of covenant and the payment of annual premiums on life insurance policies would usually be covered here.

Family maintenance: A gift for family maintenance is also exempt. This includes transfer of property made under a court order on divorce; a gift for the education of children; or maintenance of a dependent relative.

Gifts to charities: Gifts to UK-registered charities are generally exempt.

Gifts between spouses: As noted above, these are generally exempt. The position can be more complex where one party is not what is technically termed as long-term UK resident, and we can advise further here.

IHT: Forthcoming changes

Two major changes require consideration:

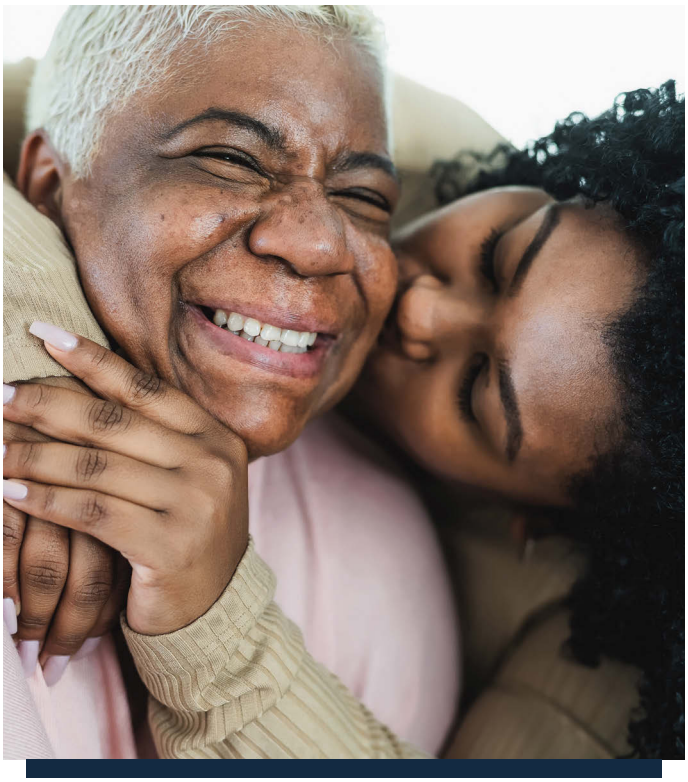
- the extension of IHT to unused pension funds and death benefits from 6 April 2027
- restrictions to business property relief (BPR) and agricultural property relief (APR) applying from 6 April 2026, and the impact of last-minute amendments to the original proposals which were announced at the end of 2025.

IHT change for pension funds

In a move aimed to stop pension saving being used as a tax planning vehicle to transfer wealth without an IHT charge, rather than to fund retirement, unused pension funds and death benefits payable from a pension are brought into the value of an estate for IHT from 6 April 2027.

This does not include death in service benefits payable from registered pension schemes. Note, too, that where the pension fund is left entirely to a spouse or civil partner, there is no IHT charge. Where there is an IHT liability, however, pension assets will be exposed to IHT at 40%.

It will be the personal representatives' responsibility to report and pay any IHT due. They will, however, be able to direct the scheme administrators to keep back 50% of the taxable benefits for up to 15 months from the date of death, and use this to pay HMRC, in certain circumstances.



Strategic planning

There may be a need to reconsider overall planning where:

- there is significant pension saving involved
- and the aim had been to use part, or all of this to pass to loved ones on death.

Deciding how wealth is to be passed on; working out how funds are withdrawn from investments; which investments are used; when they are accessed; and in what order, take on new importance.

With IHT due within six months of the date of death, and typically before probate is granted, liquidity is another consideration.

Actions you may want to consider include:

- making lifetime gifts to reduce the value of your estate, with all the implications for your personal finances and tax involved
- accessing pension funds, noting the consequences this may have
- reviewing overall investment and retirement funding strategies. Traditional advice in the past has been to use non pension assets (ISAs, cash savings and other investments) before pension assets, but these strategies may now change
- purchasing life insurance to provide a lump sum on death to settle any IHT liability. Ensuring this is written in trust will keep it outside your estate for IHT and give your beneficiaries the liquidity they need before probate is granted. This is a complex area, where further advice will be needed
- checking that your will is up to date, and an appropriate beneficiary is nominated for your pension.

This is a major change, and we can help you assess the implications in your circumstances.

Change to BPR and APR: latest information

BPR and APR have for years provided access to unlimited 100% IHT relief both at death, and (where relevant) on lifetime chargeable transfers; or 50% relief in some cases. They have benefitted businesses, families and estates alike, enabling them to pass the baton to the next generation.

A cap on these two reliefs will be introduced from 6 April 2026, and it is important to note that though the farming lobby has been particularly vocal, this is not just a farming issue. The change to BPR impacts trading businesses, and business owner managers should therefore consider their plans for the future. For convenience, we use the term 'business' here to include both trading and farming businesses.

As originally announced, the proposals would have significantly increased the IHT payable on the transfer of many businesses. There have, however, been two significant last-minute amendments to the original proposals, and these will soften the impact for many.

Lifetime allowance: latest information

Under the original proposals, only the first £1 million of qualifying business and agricultural assets attracted 100% relief. It has now been announced that this limit will be increased, and under these latest proposals, the first £2.5 million of qualifying assets will attract 100% relief. This is extremely welcome news.

The £2.5 million limit is a combined limit across all eligible business and agricultural property. Any additional assets above this limit will only attract relief at 50%. The £2.5 million allowance is frozen until 5 April 2031, and is expected to increase in line with inflation thereafter.

The new rules will also apply for lifetime transfers made on or after 30 October 2024, where the donor dies within seven years of the gift, but only if the death occurs on or after 6 April 2026.

Assets to which the existing 50% relief already applies do not count towards the £2.5 million limit, and the 50% rate continues to apply unchanged.

The £2.5 million limit could be used to cover, for example:

- £2.5 million of property qualifying for BPR **or**
- £1 million of property qualifying for BPR and £1.5 million of property qualifying for APR.

Transfer between spouses and civil partners: latest information

Under the original proposals, the 100% rate of relief was a per person limit, and there was no provision for unused allowance to be transferred between spouses or civil partners. This has now changed.

The Autumn Budget 2025 announced that any unused allowance **will** be transferable between spouses and civil partners. This will apply to those widowed and losing spouses or civil partners before the policy is introduced.

Impact

These amendments to the original proposals mean that a couple will be able to pass on up to £5 million of agricultural or business assets between them before paying IHT. Existing allowances, such as the nil rate band, can be used in addition to this.

The government has said that these two amendments mean that only a small number of estates will now pay additional IHT: 'Raising the threshold will significantly reduce the number of farms and business owners facing higher Inheritance Tax bills under the reforms, ensuring that only the largest estates are affected.'

There is no doubt that the amendments are extremely welcome news for those affected. However, there is still a need to weigh up any possible impact in your individual circumstances, and we would be pleased to help you do this. Even with these amendments, planning for the future remains a key issue: and in all circumstances, the importance of reviewing and updating wills cannot be overstated.

Trusts: The new £2.5 million limit will also apply to the combined value of relievable agricultural and business property in trusts. We can advise further on the detail here.

Qualifying Alternative Investment Market (AIM) shares: The rate of BPR available will be reduced from 100% to 50%.

Tip: Planning for IHT liabilities

Even with the amendments to the original proposals, some businesses which would previously have passed to the next generation without a tax charge will now need to plan for an IHT liability. This may impact cash flow, liquidity, and in some cases the future viability of the business. Careful planning will be key.

Funding an IHT liability

IHT is normally due six months after the date of death. The new rules provide the option to pay the IHT liability by equal annual instalments over ten years, interest-free, for all property which is eligible for APR or BPR. For some, it may be appropriate to plan to meet the cost of future liabilities through life assurance arrangements.

But there are much wider questions involved, which may impact long term plans for the business. Even though an IHT liability is a personal tax problem, many businesses may feel they have no option but to fund it via extraction from the company, and this could have potential consequences for its future.

Options you may want to consider, in order to plan round the IHT changes, include:

- sale of the business
- involving the next generation now, and moving assets down a generation
- restructuring how a property or business is owned, considering use of trusts, or use of companies
- for partnerships, reviewing partnership structure and agreements.

Tip: New costs to factor in

Under the new rules, many estates with business property or agricultural property will require valuation. Obtaining an accurate, professional, open market valuation is not something that has been necessary under the current regime, and is an additional cost to consider.

We can help

Robust planning for the future, with advice specific to your circumstances, is essential. Please contact us to discuss the outlook for your business under the new rules.

Year end checklist

For companies

- [ ] Maximise deductions for Corporation Tax purposes
- [ ] Check that all available capital allowances are claimed
- [ ] Make loss claims within appropriate two-year window
- [ ] Consider eligibility for R&D claims

For director-shareholders and other business owners

- [ ] Assess remuneration strategy
- [ ] Review profit extraction in family companies
- [ ] Consider acceleration of dividend payments before higher tax rate from 6 April 2026
- [ ] Take appropriate action on directors' loan accounts
- [ ] Unincorporated businesses and landlords: consider impact of Making Tax Digital for Income Tax
- [ ] Unincorporated businesses: keep basis period reform transition profits under review
- [ ] Review any action required following end of Furnished Holiday Letting rules
- [ ] Review use of Employment Allowance
- [ ] Check eligibility for Business Asset Disposal Relief and consider short window before 6 April 2026 to make qualifying disposals at current 14% rate
- [ ] Plan for business succession
- [ ] Assess impact of exposure to IHT in the future

For families, couples and individuals

- [ ] Maximise use of tax rates, tax bands and allowances
- [ ] Act to minimise loss of Personal Allowance
- [ ] Assess allowances available for all family members
- [ ] Use ISA investment limits before 6 April 2026
- [ ] Claim higher and additional rate repayments under Gift Aid
- [ ] Consider investment in VCTs before 6 April 2026 to access higher rate of Income Tax relief
- [ ] Take advantage of any unused pension annual allowance from previous years
- [ ] Plan to minimise impact of High Income Child Benefit Charge
- [ ] Consider registration to pay High Income Child Benefit Charge via tax coding
- [ ] Review pension planning
- [ ] Update wills and estate planning, especially in view of forthcoming IHT rule changes
- [ ] Contact us as soon as possible for maximum tax efficiency.

Working with you

This Guide will help identify areas that could significantly impact your overall tax position. Advice specific to your circumstances, however, is always essential.

Do please contact us well in advance of 5 April 2026 to make the most of the options available.

Disclaimer - for information of users: This newsletter is published for the information of clients. It provides only an overview of the regulations in force at the date of publication and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material contained in this newsletter can be accepted by the authors or the firm.