

End of tax year planning

The 2014/15 Tax Year ends on 5th April 2015. Have you made full use of all of your tax planning allowances?

With the end of the current tax year in sight, now is a good time to check whether or not you have made full use of the allowances available, many of which are lost if not utilised by the end of the tax year.

NEW ISA (NISA)

From July 2014 the annual NISA allowance increased to £15,000 per tax year. This, coupled with much wider flexibility, surrounding movement between cash and stocks & shares NISAs, means the benefits of using your NISA allowance have never been so apparent.

The basics:

- Acts as a tax wrapper into which savings totalling £15,000 can be made each tax year.
- Within the NISA wrapper, interest payments from cash savings or fixed interest investments can be made gross, without any resulting liability to income tax.
- Investors also benefit from no personal tax being payable on dividends received from exchange listed shares. However, investors can't reclaim the notional 10p dividend tax credit, which accompanies dividend payments, even if they are basic rate or non-taxpayers.
- No capital gains tax is payable on the disposals of NISA held stocks and shares, which can equate to significant tax savings for long-term investors.
- All UK Residents over the age of 18 can invest in one cash and one stocks & shares NISA each tax year (those aged 16 or 17 can invest in a cash NISA each year). Previous tax year NISAs can also be transferred. From July 2014, it is now possible to transfer from cash to stocks & shares NISAs and vice versa, making them more flexible than ever.

Clearly, whether you are an avid investor, or a cautious cash only saver, NISAs offer a straightforward, flexible and tax efficient savings solution.



Junior NISAs

Those with children, grandchildren, or indeed any other young relative may wish to consider using Junior NISAs, to provide a tax efficient nest egg, which can be used to assist with university fees, first home or car purchase or any other expense of early adulthood.

The basic rules concerning Junior NISAs are as follows:

- Available for UK Resident children aged under 18 who were born before 1 September 2002 or after 2 January 2011 and haven't qualified for the Child Trust Fund – Although from April 2015, it is expected that it will be possible to transfer Child Trust Funds into Junior NISAs.
- Junior NISA contributions of up to £4,000 can be made in the 2014/15 tax year – this figure increases each year, normally in line with inflation.
- Contributions can be made into cash or investments, with no income tax payable during the savings period (although the 10p tax credit payable with dividends is non-reclaimable), or Capital Gains Tax period upon sale.
- When the child reaches the age of 18, the Junior NISA will become a normal NISA and will revert into their name. At this point they will have full access to NISA's value and investment strategy.

Should you wish to discuss NISAs or Junior NISAs further, please e-mail your details to financial@DTEGroup.com and one of our qualified financial planners will be in touch.

Important Information

This guide is not advice. Please remember tax rules can change and the value of the tax benefits will depend on your circumstances. The value of investments can fall as well as rise so you could get back less than you invest.