CBA Services Limited *helping you work*

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Personal Tax Planning 2020/21

Income Tax checklist for 2020/21

Work through the checklist and tick those that apply to your circumstances. We can then discuss your options.

To lower the impact of higher rate tax (or marginal rates), consider sharing ownership of income producing assets with your spouse, especially if your spouse pays no income tax, or tax at lower rates.	☐
If you have a pension scheme take advice from your pension's advisor on the level of contribution you should make this year. The maximum you can pay in is £40,000 reduced to £4,000 for those on higher incomes. If applicable, you can use any unused relief in the previous three years.	☐
If you cash in part of your pension pot, the amount you withdraw may be added to your total earnings. Be sure to take this into account as there may be additional tax to pay above any tax deducted by your pension pot manager.	☐
There are no limits to the amount of gift aid donations you can make. These contributions extend your basic rate tax band and are an effective strategy for avoiding the higher and marginal rates of income tax. Charitable donations are also one of the few remaining reliefs that you can carry back, in certain circumstances, to the previous tax year.	☐
You can transfer up to £1,250 of your personal allowance to your spouse if you do not earn enough to fully utilise this allowance against your own earnings. You can only do this if your spouse pays tax at no more than the basic rate (20%).	☐
Do not forget to use your ISA allowance. In this way you can invest up to £20,000 in the current tax year and any interest earned will be tax free.	☐
Do not forget that the State Pension is treated as taxable income for tax purposes. You are paid without deduction of tax. If your total income including your State Pension exceeds £12,500 this may produce unwelcome bills from the tax office at the end of the tax year.	☐