



Navigating the Tax Changes of 2024 / 2025

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Springtime in the UK— a season renowned for blooming flowers, longer days, and of course, tax changes! Staying ahead of the curve is vital, especially when it comes to your finances. The recent tax adjustments introduced by Jeremy Hunt could have an impact on you and your wallet, so let's take a look into what these changes could mean for you.

What's New?

With every Budget, the government rolls out a series of alterations that affect your finances. While we won't delve into every detail, there are some significant changes worth noting.

Insights into Income Tax

Income Tax, our steadfast companion through thick and thin, has been somewhat overlooked in the latest Budget. The good news is that National Insurance has been reduced by 2%, meaning most of us will see a slight increase in our pay packets. However, Income Tax bandings and allowances have been frozen, meaning that additional income is subject to taxes — unless you seek the right advice, of course.

It could also be an opportune moment to consider those hefty cash balances. Attractive interest rates, mean that interest receipts exceeding your personal savings allowances are a genuine possibility, and could mean more tax to pay for you.

Capital Gains Considerations

Planning on selling that vintage collection of Beanie Babies or finally cashing in on your Bitcoin investment? What about selling a second property or re-balancing your share portfolio? Well, you might want to pay attention to the changes in Capital Gains Tax rules, as the Chancellor has made adjustments here as well. The tax-free allowance has now been reduced to £3,000, a significant difference from the £12,300 permitted just two years ago. With less to play with, the right advice could save you money.

Dividends Deliberation

Similar to capital gains, the annual Dividend Allowance has also seen a reduction. Currently standing at £500, this marks a significant change from the £2,000 individuals were entitled to up to April 2023. If you own a company or receive dividends from your share portfolio, now might be the time to scrutinise the structure of those payments and consider alternatives.

Pension Planning

Let's talk pensions — Make the right decisions and there's no reason why this shouldn't be the case. The pension landscape is undergoing a makeover, with the Chancellor introducing 2 major pieces of pension legislation, probably the largest since the introduction of Pension Freedoms in 2015. Let's take a look:

- **Lifetime Allowance** – for all intents and purposes, this has been abolished. So what does this mean? It means that there is now no limit to the amount that you can have in a pension and be subject to tax. This is good. It means that you can hold vast amounts of wealth, and shelter it from Capital Gains, Dividend, Income and Inheritance taxes.
- **Contribution Limits** – The Chancellor increased these limits dramatically. The scope for contributions has increased by as much as 50% to up to £60,000 per year (more if you haven't used previous years' allowances in full), allowing you to shelter much more of your wealth from taxes.

Inheritance Tax Implications

Inheritance Tax; a levy that many believe won't affect them, but surprises may lurk. It's the ultimate spoilsport when it comes to passing on your wealth to your loved ones. The Chancellor has again maintained the main thresholds and allowances (which have now been frozen for the last 15 years), confirming these would remain at their current level until 2028. Increases in estate value are therefore more likely to be subject to Inheritance Tax. Leaving a legacy for loved ones is important to many people, and careful consideration must be given to how assets are bequeathed.

How can we assist?

You might be wondering, "Why seek advice when I can just Google everything?"

Tax matters can be intricate, particularly the interaction and impact of one tax or allowance on another, so without the right guidance you could find yourself grappling with confusing regulations and missed opportunities.

The April 2024 Budget has ushered in numerous changes that might seem daunting, but with the right high-quality Financial Planning we can help you navigate them

At Nugenis, we're here to help guide you through this process so you can achieve your goals. It's not about dictating, it's about empowering you to maximise your finances. If you're interested in learning more about how we can assist, contact us here at justask@nugenisfp.co.uk or call on 029 2050 8000.

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