80

Tax Planning Checklist

2025/26

Tax Planning

Business Tax

	Yes	No
Dividend tax: Have you used your £500 dividend allowance (taxed at 0%)? If you take money from your company via a mix of salary and dividends, it's worth checking the balance – getting it right can make a real difference to your overall tax position. Also worth noting: from April 2026, dividend tax rates for basic and higher rate taxpayers are due to increase by 2%. So, if dividends form part of your plan, it may be sensible to make the most of the current rates and allowances before they change.	☐	☐
Corporation Tax isn't a flat rate – companies with profits above £50,000 may pay more than 19%, rising to 25% once profits exceed £250,000, with marginal relief applying between those thresholds to reduce the effective rate. If you expect to fall into a higher band, it may be worth planning ahead – for example, considering whether to carry losses forward to offset future profits, or making legitimate business decisions that reduce taxable profits (such as employer pension contributions or bringing forward essential spending). It's also a good time to review whether operating as a limited company remains the most tax-efficient structure for your circumstances.	☐	☐
Incorporation: If you currently trade as a sole trader, partnership, or LLP, it may be worth considering whether moving to a limited company could be a more tax-efficient structure. The right choice depends on things like your profit levels, how you take money out of the business, and your longer-term plans – so it's worth reviewing before making any changes.	☐	☐
Self-employment: For many self-employed people, Class 2 National Insurance is no longer compulsory, and the main rate of Class 4 NI is now 6% – which can reduce your overall NI bill (depending on your profits and thresholds).	☐	☐
Capital allowances: If you're planning to buy equipment, machinery, tools, IT kit or other qualifying assets, doing it before your business year end can mean you claim the tax relief a year earlier. The Annual Investment Allowance (AIA) remains at £1 million, so many businesses can deduct the full cost of qualifying spend straight away. Limited companies can also look at Full Expensing (a 100% first-year allowance on qualifying new plant and machinery). Looking ahead, the main Writing Down Allowance (WDA) rate for plant and machinery is set to drop from 18% to 14% from April 2026, and a new 40% First Year Allowance is being introduced for certain assets from 1 January 2026 – so timing your spend could make a real difference	☐	☐

Tax Planning
Business Tax

	Yes	No
National Insurance: Have you factored in the rise in employer's National Insurance when planning your payroll costs? From 6 April 2025, the employer NI rate increased by 1.2 percentage points to 15%, which can noticeably push up the cost of employing staff — so it's worth reviewing budgets, salary increases, bonuses and overall staffing plans with that extra cost in mind.	☐	☐
Research & Development (R&D) tax credits: If your business carries out qualifying R&D, it's worth checking you've claimed for all eligible projects. Since 1 April 2024, the SME and RDEC schemes have been merged, making claims more straightforward. Under the new system, companies can receive a taxable credit worth up to 20% (headline rate, pre-tax) of qualifying R&D spend if profitable, while loss-making companies can benefit from a 16.2% net cash benefit. Additional support is also available for R&D-intensive SMEs, where 30% or more of total expenditure relates to R&D — offering enhanced relief for businesses investing heavily in innovation.	☐	☐

Tax Planning
Personal Tax

	Yes	No
Tax freezes (fiscal drag): Most personal tax allowances are set to remain frozen until 2028, with Inheritance Tax thresholds frozen until 2031. While tax rates haven't changed, rising wages and inflation mean more people are being pulled into higher tax bands, often without realising it. Over time, this can significantly increase the amount of tax you pay.	☐	☐
Income tax: Once your income goes above £100,000, your personal allowance (£12,570) is gradually withdrawn — for every £2 you earn over this level, you lose £1 of allowance. This creates a very costly effective tax rate between £100,000 and £125,140, after which income is taxed at the additional rate. If you're in or approaching this band, it's worth asking whether you're taking steps to reduce taxable income and protect your allowance, such as reviewing pension contributions, charitable giving, or how income is taken — careful planning here can make a significant difference	☐	☐
Property and savings income tax: From April 2027, new tax rates will apply to property and savings income, with earnings taxed at 22% (basic rate), 42% (higher rate) and 47% (additional rate). If you receive rental income or earn significant interest on savings, it's worth thinking ahead — reviewing ownership, allowances and planning options now could help reduce the impact once these higher rates come into force.	☐	☐

Tax Planning

Personal Tax

	Yes	No
Making Tax Digital (MTD): From April 2026, Income Tax moves into MTD for sole traders and landlords earning over £50,000, extending to £30,000 in 2027 and £20,000 in 2028. If this affects you, now's the time to make sure your records and software are ready	☐	☐
Capital Gains Tax: Have you used your £3,000 annual CGT exemption for 2025/26? Since 30 October 2024, CGT rates have increased – to 18% for basic rate taxpayers and 24% for higher and additional rate taxpayers. The rate for trustees and personal representatives has also risen to 24%, making careful planning and timing of disposals more important than ever.	☐	☐
Salary sacrifice: If your income is close to or above £100,000, exchanging part of your salary for pension contributions or an approved share scheme can help reduce your taxable income and protect your personal allowance. Looking ahead, from April 2029 the NI-exempt amount for salary sacrifice pensions will be capped at £2,000, after which both employee and employer NI will apply.	☐	☐
Inter-spouse transfers: Transfers between spouses and civil partners are generally tax-free and can help you make better use of both sets of income tax and capital gains allowances. This can be especially effective if your income is between £100,001 and £125,140, as sharing income or gains may help preserve the personal allowance and reduce your overall tax bill.	☐	☐
Marriage allowance: If you're married or in a civil partnership, it's worth checking whether you're eligible for the Marriage Allowance. This lets one partner transfer 10% of their personal allowance to the other, potentially saving up to £252 a year in Income Tax.	☐	☐
Child Benefit threshold: If you or your partner earns over £60,000, Child Benefit starts to be reduced and is withdrawn completely once income exceeds £80,000. If this applies to you, professional tax advice could help you understand your options and reduce the impact.	☐	☐
Childcare costs: There are a range of schemes to help with childcare, but many are income-based. If your adjusted net income exceeds £100,000, you won't qualify for the 30 free childcare hours or the Tax-Free Childcare scheme, so it's worth reviewing your position if you're close to this level.	☐	☐

Tax Planning
Personal Tax

	Yes	No
Company Car: Time for a new car? Have you thought about how switching to an electric vehicle could reduce the benefit in kind tax that you pay? While EVs provide a good opportunity to save tax, a new 3p per mile vehicle excise duty will be introduced from April 2028, which may impact their affordability.	☐	☐
Director's loans: If you've lent money to your company, it's worth checking whether you've used your tax-free interest allowance on that loan. Depending on your income level, this could allow you to receive up to £50 of interest tax-free, making it a simple way to extract value efficiently.	☐	☐
Stamp Duty Land Tax (SDLT): If you're buying a home, it's important to factor in Stamp Duty early. Since 1 April 2025, the nil-rate threshold has returned to £125,000. First-time buyers benefit from a higher £300,000 nil-rate band, but relief now only applies to properties costing up to £500,000. If you're purchasing an additional property, a 5% surcharge may apply on top of the standard rates — which can significantly increase the overall cost.	☐	☐
Non-dom status: From 6 April 2025, the UK's non-dom rules were replaced with a residence-based system. New arrivals may qualify for a four-year regime where foreign income and gains can sit outside the UK tax net, while longer-term residents are now subject to a ten-out-of-twenty-years residence test for Inheritance Tax on non-UK assets. If you have overseas income or assets, early advice is key.	☐	☐

Tax Planning
Inheritance Tax

	Yes	No
Estate planning: Having a Will is a key part of managing your estate and making sure your wishes are followed. If you don't have one in place, it's worth seeking advice on how your assets are structured — including planning opportunities around Business Property Relief and pensions, which can play a significant role in passing on wealth tax-efficiently.	☐	☐
Charitable gifts: Leaving at least 10% of your net estate to charity can reduce the Inheritance Tax rate from 40% to 36%. This can be a meaningful way to support causes you care about while also reducing the tax bill on the rest of your estate.	☐	☐

Tax Planning

Inheritance Tax

	Yes	No
Personal gifts: Making gifts during your lifetime can reduce the value of your estate — and, in turn, the amount of Inheritance Tax (IHT) due. Currently, each person has a £325,000 nil-rate band, plus a £175,000 Residence Nil Rate Band (RNRB) when a home is passed to direct descendants, giving a total allowance of £500,000 per person (or £1 million for a married couple, where unused allowances pass to the survivor). The RNRB starts to taper once an estate exceeds £2 million, so reducing the estate below this level can preserve it. You can also make use of the £3,000 annual gifting allowance (or £6,000 if last year's wasn't used) and £250 small gifts to multiple individuals. Other gifts may also be IHT-free, but it's important to take advice before acting.	☐	☐
Trust funds: Trusts can be an effective way to protect and manage family assets for the future. However, recent changes to how trusts are taxed and administered have made the rules more complex, and the impact can vary depending on your circumstances. If you're considering setting up a trust, it's important to seek professional advice before going ahead.	☐	☐
APR and BPR: From April 2026, Agricultural Property Relief (APR) and Business Property Relief (BPR) will apply at 100% to the first £2.5 million of qualifying assets. Any value above this will receive 50% relief, reducing (but not removing) the Inheritance Tax due on that excess. Following the Autumn 2025 Budget, this allowance can now be passed to a surviving spouse or civil partner, meaning a couple could benefit from up to £5 million of qualifying assets receiving full APR/BPR. Planning ahead is key to making the most of these changes.	☐	☐

Pensions

The information on this page is general guidance only and relates to pensions and some of the surrounding tax considerations. Where pensions or investments are involved, you should seek advice from a qualified financial adviser before taking action.

	Yes	No
Protecting a large pension: Since April 2024, the Lifetime Allowance (LTA) has been abolished and replaced with new limits on tax-free cash. The Lump Sum Allowance (LSA) caps the tax-free cash you can take from your pension at £268,275, while the Lump Sum and Death Benefit Allowance (LSDBA) generally limits the total tax-free lump sums you can receive in your lifetime — and on death — to £1,073,100. If you have a larger pension, it's important to consider how these changes affect your longer-term and retirement plans.	☐	☐
Stakeholder pensions: All UK residents — including children — can receive pension contributions of £2,880 a year (£3,600 gross) even if they have no earnings. These contributions can sometimes be used to help keep income below key thresholds, such as the £60,000 level for Child Benefit. They can also be a powerful way of giving children a long-term financial head start — for example, if contributions grow at around 9% a year, investing £2,880 annually from age 10 could build a pension pot of up to £1 million by age 68.	☐	☐

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Annual pension allowance: Have you used your full pension allowance? You can contribute up to £60,000 a year into a pension with tax relief. If you haven't used your allowance in earlier years, you may be able to carry forward unused relief (based on the previous £40,000 limit) from the current year and the three previous tax years, allowing you to make larger contributions now.	☐	☐
Tax-free pension contributions: Employer pension contributions are a tax-efficient way to save for retirement. If you own the business, these contributions are usually deductible for Corporation Tax. Where salary sacrifice is used – exchanging part of salary for a higher employer pension contribution – both the employee and employer can save on National Insurance as well.	☐	☐
Retirement planning: Have you got a clear plan in place for retirement? With the right mix of tax reliefs and investment options, it's often possible to boost both your retirement income and long-term savings – making it worth reviewing your position sooner rather than later.	☐	☐
IHT on Unspent Pensions Pots: From April 2027, unused pension savings may be included in your estate for IHT purposes. Have you considered the impact of this change?	☐	☐

Investment Ideas

The information on this page is general guidance only and relates to the tax implications of certain investments. Where investments are involved, you should seek advice from a qualified financial adviser before taking any action

	Yes	No
ISAs: Have you used your £20,000 annual ISA allowance? From April 2027, the overall limit stays the same, but cash ISA savings will be capped at £12,000 for those under 65, encouraging more investment into Stocks & Shares ISAs. Planning how you split your ISA savings could make a real difference.	☐	☐
Junior ISAs or Child Trust Fund: Has £9,000 been invested for any child under the age of 18?	☐	☐
Help-to-Buy ISAs: Although new Help-to-Buy ISA accounts closed on 30 November 2019, existing account holders can continue saving. Any savings — including the government bonus — must be used by 30 November 2029, so it's worth checking your plans if you still have one.	☐	☐
Lifetime ISAs (LISAs): If you're aged 18-40, you can open a Lifetime ISA and receive a 25% government bonus on savings of up to £4,000 a year (a maximum bonus of £1,000 annually). You can keep contributing until age 50, making LISAs a popular option for saving towards a first home or later life.	☐	☐
Investment schemes: Tax relief on investment schemes only offsets tax you've already paid or owe — it does not create a refund if you're not a taxpayer. Because the rules can be complex and the relief varies by circumstance, it's important to seek tax advice before investing.	☐	☐
Tidying up your investments: Have you reviewed and realised investments or bond gains, or closed deposit accounts where funds are earning very low interest? A regular review can help make sure your money is working harder and not sitting idle.	☐	☐
Share schemes: If your company offers a share scheme — such as a Share Incentive Plan (SIP) or Sharesave (SAYE) — there are often price discounts and valuable tax advantages for taking part, making them well worth considering.	☐	☐

Investment Ideas

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Investment	Yes	No
Enterprise Investment Scheme (EIS): These investments can offer 30% income tax relief and the potential to defer Capital Gains Tax, but they are not suitable for everyone. The tax relief is only available if you've paid enough income tax to cover it, and if no income tax relief is claimed, the investment may be subject to CGT when it's sold. Given the complexity and risk, taking advice before investing is essential.	☐	☐
Venture Capital Trusts (VCTs): VCTs can offer up-front income tax relief on investments of up to £200,000, along with tax-free dividends and Capital Gains Tax-free growth. They can be attractive for some investors, but they carry higher risk, so it's important to seek advice before investing.	☐	☐
Seed Enterprise Investment Scheme (SEIS): SEIS investments carry higher risk than EIS or VCTs, but they also offer significant tax reliefs that can offset a large part of any potential losses. As with all high-risk investments, taking advice first is essential.	☐	☐
Community investments: Investments made through Community Development Finance Institutions (CDFIs) — either via shares or loans — can qualify for tax relief of 5% per year over five years, giving 25% total relief. They can be a way to support local communities while also benefiting from tax incentives.	☐	☐
Social enterprise investments: Some social impact investments qualify for Social Investment Tax Relief (SITR) at 30%. Recent changes mean the amount a qualifying social enterprise can raise has, in most cases, increased to a lifetime limit of £1.5 million. As the rules are complex, professional advice is recommended before investing.	☐	☐
Life assurance bonds: Insurance-backed bonds allow withdrawals of up to 5% of the original investment each year without an immediate tax charge. While commissions, management costs and basic rate tax within the bond need to be considered, this option can be particularly attractive for higher earners — especially where extra income would otherwise lead to the loss of the personal allowance or exposure to the 45% income tax rate.	☐	☐
Offshore bonds: Similar to UK bonds, offshore bonds allow withdrawals of up to 5% of the original investment each year without an immediate tax charge. Although the gains are taxed in full when the bond is eventually disposed of, they can be a useful way of deferring tax and managing when tax is paid.	☐	☐

Succession Planning

	Yes	No
Selling a business: If selling all or part of your business forms part of your succession plan, it's important to understand the tax implications before you proceed. Selling shares can give rise to Capital Gains Tax, while selling business assets may trigger Corporation Tax on chargeable gains. Early planning can help you structure a sale in the most tax-efficient way.	☐	☐
Management buyout: If you're considering a management buyout, the structure of the deal can have a major impact on the tax paid by all parties. Key questions include how the new management team will be remunerated, whether the sale is structured as a share sale or an asset sale, whether deal costs are tax-deductible, and whether Stamp Duty applies to any property transferred. Taking advice early can help avoid costly surprises.	☐	☐
Business Asset Disposal Relief (BADR): Since 6 April 2025, the relief rate increased from 10% to 14%, and it is set to increase again to 18% from 6 April 2026. If you're planning a disposal, the timing could make a meaningful difference to the tax you pay, so it's worth reviewing your plans in advance.	☐	☐
Passing a business to family: Gifting a business — or shares in a business — to a family member is still treated as a disposal for Capital Gains Tax. Depending on how long you live after making the gift, the value of the business could also be considered for Inheritance Tax. That said, Business Property Relief may reduce the taxable value by up to 100%. Because the timing and structure matter, it's important to consider the tax implications carefully before transferring a family business.	☐	☐
Employee Ownership Trusts (EOTs): If you're considering an Employee Ownership Trust as part of your succession plan, it's important to note that the Capital Gains Tax relief for selling shareholders has been reduced. For disposals made on or after 26 November 2025, the CGT relief falls from 100% to 50%, which could significantly affect the tax outcome and the timing of a sale.	☐	☐

Want to know more?
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