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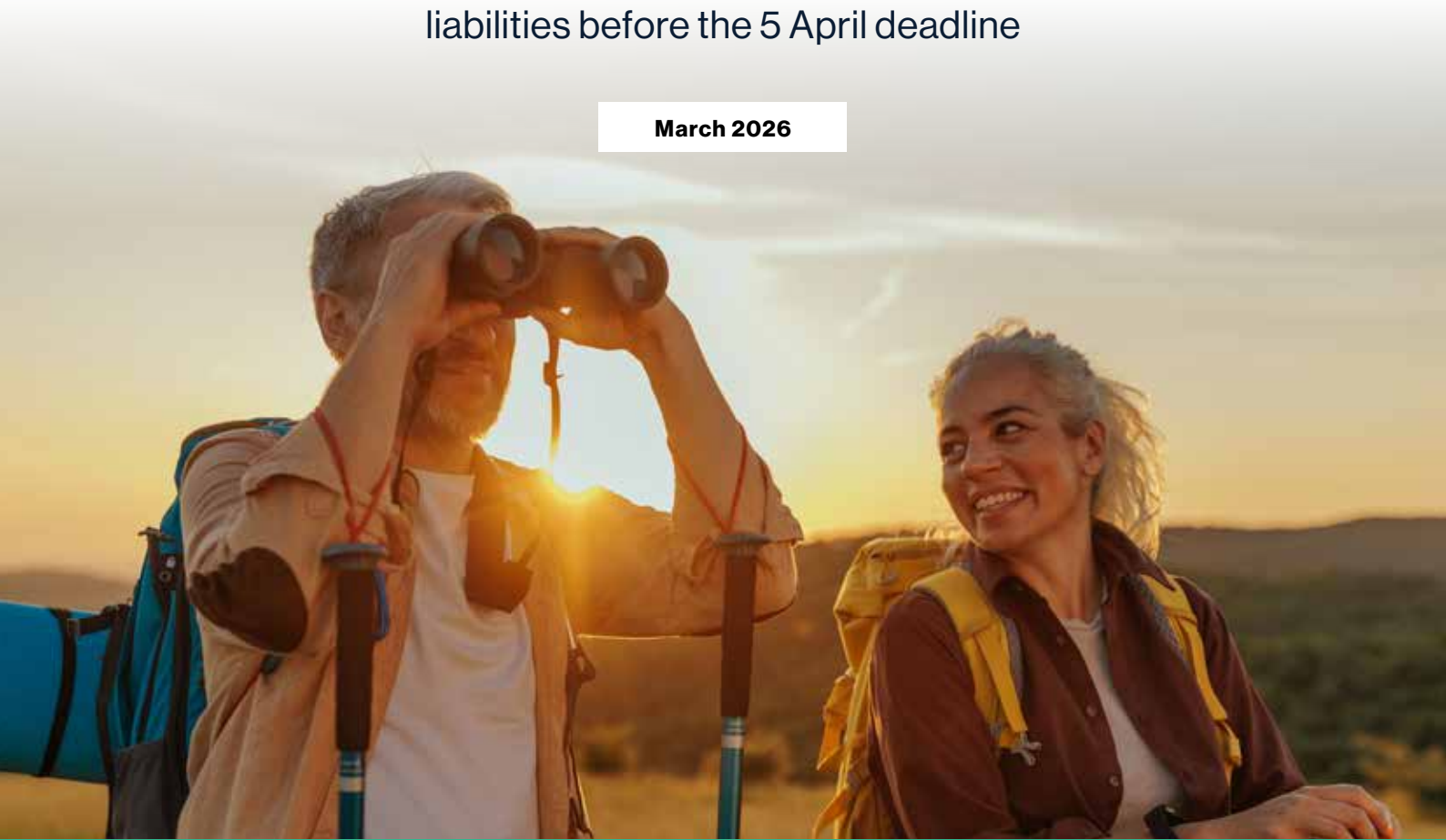
Wealth Management

Guide to

Year-End Tax Planning 2025/26

How to maximise savings and minimise liabilities before the 5 April deadline

March 2026



Deans Wealth Management, Gibson House, Hurricane Court, Hurricane Close, Stafford ST16 1GZ
Telephone: 01785 238 170 **Email:** info@deanswealth.com **Web:** www.deanswealth.com

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Year-End Tax Planning 2025/26

As the 5 April deadline approaches, many individuals overlook valuable opportunities to arrange their finances more tax-efficiently.

This guide offers clear, practical insights into key areas of personal taxation, helping you understand the strategies you can implement to potentially reduce your tax liabilities and make your money work harder for you.

Inside, we will cover a range of topics, from making the most of your pension and ISA allowances to strategic planning for Capital Gains Tax and Inheritance Tax. We will also discuss the benefits of charitable giving and provide a checklist of final actions to consider before the end of the tax year.

The aim is to equip you with the knowledge to make informed decisions. However, it is crucial to remember that personal finance is complex and that individual circumstances vary significantly. This guide serves as an introduction, not a substitute for tailored professional advice.

Understanding the foundations of tax planning

Effective tax planning is not about tax avoidance; it is the legitimate process of arranging your financial affairs to make full use of the allowances, reliefs and exemptions available under UK tax law. The end of the tax year on 5 April is a critical date, as many of these opportunities are time-sensitive. Once the deadline passes, the chance to use that year's allowances is often lost forever. Taking proactive steps now can have a substantial positive impact on your overall wealth.

The principles of year-end planning centre on a few core actions: maximising contributions to tax-efficient savings vehicles, strategically crystallising gains or losses and utilising annual exemptions. These actions require a clear understanding of your current financial position, including your income, investments and long-term goals. While the concepts can seem daunting, a structured approach makes the process manageable and highly rewarding.

Making your allowances work for you

Your personal tax circumstances are unique and a one-size-fits-all approach is rarely effective. Factors such as your income level, marital status and investment portfolio will determine which strategies are most relevant to you. For instance, a higher rate taxpayer will benefit differently from pension contributions than a basic rate taxpayer. Similarly, an individual with a portfolio of investments will need to pay close attention to their Capital Gains Tax position.

For this reason, seeking professional guidance is paramount. We can assess your specific situation, helping you navigate the complexities of the tax system and create a personalised plan that aligns with your objectives. We'll ensure you are not only compliant with regulations but also optimising

> The key to sound financial management isn't just about how much you earn, but about how much you keep. Year-end tax planning is the cornerstone of that principle

your financial outcome. This guide provides the foundational knowledge to help you have a more productive conversation with an adviser.

Maximising your pension contributions

Pensions remain one of the most tax-efficient ways to save for retirement. When you contribute to a personal pension, the government provides tax relief, effectively boosting your savings. For a basic rate taxpayer, a £80 contribution is topped up to £100. If you are a taxpayer, you can claim further relief through your tax return, reducing the net cost of your contribution even more.

The annual allowance for your total pension contributions (employer, employee, and third-party combined) for the 2025/26 tax year is £60,000 for most people (with a tax charge applying to excess funding if not covered by carry-forward). In addition, your own tax-relievable contributions are capped at or 100% of your relevant UK earnings or £3,600, whichever is lower. It is essential to use as much of the allowance as you feel comfortable with before the 5 April deadline. You may also be able to carry forward unused allowances from the previous three tax years, which can be particularly valuable if you are looking to make a significant contribution.

Considerations for high earners

For those with a high income, the rules surrounding the annual allowance can be more complex. The Tapered Annual Allowance may apply to individuals with 'adjusted income' over £260,000 and threshold income over £200,000, potentially reducing their annual allowance to as little as £10,000. Understanding whether you are affected by this tapering is crucial to avoid an unexpected tax charge on excess contributions.

Furthermore, it is important to be aware of the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance, which set the maximum amount of tax-free lump sums that can be taken from your pension. We can clarify how these complex rules apply to you and help you formulate a contribution strategy that is both tax-efficient and sustainable.

Utilising your ISA allowances

Individual Savings Accounts (ISAs) are a cornerstone of tax-efficient saving and investing in the UK. Every adult has an annual ISA allowance of £20,000 for the 2025/26 tax year. Any interest, dividends or capital gains generated within an ISA are tax-efficient, making it an incredibly powerful tool for long-term wealth accumulation.

The £20,000 allowance can be split across different types of ISAs, such as a Cash ISA, a Stocks & Shares ISA or an Innovative Finance ISA, depending on your risk appetite and financial goals. The key principle is 'use it or lose it'. If you do not use your full £20,000 allowance by midnight on 5 April 2026, you cannot carry it over into the next tax year. Therefore, even if you are unsure of your long-term investment strategy, securing the allowance before the deadline is prudent.

Strategic use of ISAs for couples

An effective strategy for couples is to ensure both partners maximise their individual ISA allowances. Over time, this combined approach can shelter a significant amount of capital from tax. It is possible to transfer assets between spouses or registered civil partners without triggering Capital Gains Tax, allowing one partner to transfer funds to the other so they can use their ISA allowance.

This can be particularly useful when one partner has exhausted their allowance while the other has not. For those with substantial

> Thinking of a pension contribution simply as ‘saving for old age’ misses the point. It’s an immediate and powerful way to reduce your current tax bill.

investment portfolios held outside a tax-efficient wrapper, a process known as ‘Bed and ISA’ can also be considered. This involves selling existing investments and repurchasing them within an ISA to protect future growth from tax. This process must be managed carefully to comply with Capital Gains Tax rules, and professional advice is highly recommended.

Capital Gains Tax: Strategic planning

Capital Gains Tax (CGT) is payable on the profit, or ‘gain’, you make when you sell or dispose of an asset that has increased in value. This can include assets such as shares, investment properties or personal possessions worth more than £3,000. Each individual has an annual CGT exemption, which allows you to realise a certain amount of gain each tax year without paying any tax.

For the 2025/26 tax year, the annual exemption is £3,000 (£1,500 for most trusts). This is a significant reduction from years before 2024/25, making proactive management of your investment gains more important than ever. If you have assets showing a profit, you might consider selling enough to realise gains up to the £3,000 threshold before 5 April. If repeated annually, this strategy can help manage portfolio growth in a highly tax-efficient way.

Managing gains and losses

A key part of CGT planning involves balancing gains and losses. If you have realised gains that exceed the annual exemption, you can offset them by selling assets that are currently standing at a loss. These capital losses must be registered with HMRC to be usable, either in the current tax year or carried forward to offset against future gains. This process requires careful timing and calculation.

For married couples and registered civil partners, an additional layer of planning is available. Assets can be transferred between partners on a ‘no gain, no loss’ basis. This means the receiving partner acquires the asset at the original cost. This allows couples to utilise both of their annual CGT exemptions effectively, potentially realising up to £6,000 of gains tax-free. Given the complexities, consulting an adviser is essential to ensure this is executed correctly.

Inheritance Tax: Gifting and allowances

Inheritance Tax (IHT) is payable on estates valued above the nil rate band, which remains at £325,000 and has been frozen at this level until 2031. Planning can significantly reduce the potential IHT liability for your beneficiaries. One of the simplest and most effective strategies is to make use of the various gifting allowances available each tax year.

Each individual can gift up to £3,000 in total each tax year, known as your ‘annual exemption’. If you did not use the previous year’s allowance, you can carry it

forward for one year, allowing a potential gift of £6,000. In addition, you can make unlimited small gifts of up to £250 per person to as many people as you like, as long as they have not received any other gift from your annual exemption. These gifts fall immediately outside your estate for IHT purposes.

More complex gifting strategies

Beyond the annual exemptions, you can also make larger gifts, known as 'Potentially Exempt Transfers' (PETs). These gifts will be fully exempt from IHT if you survive for seven years after making them. If you pass away during this seven-year period, taper relief may apply to reduce the tax due if the gift, alone or cumulatively, exceeds the nil rate band. This 'seven-year rule' underscores the importance of considering larger gifts sooner rather than later.

Another valuable but often underused exemption is 'gifts out of normal expenditure'. If you can demonstrate that you are making regular gifts from your surplus income and that these gifts do not affect your standard of living, they can be immediately exempt from IHT. This requires meticulous record-keeping to prove the pattern of gifting and affordability. Given the significant sums and long-term implications of IHT planning, seeking expert financial and legal advice is not just recommended; it is essential.

Charitable donations and tax relief

Making donations to registered charities is not only a way to support causes you care about but can also be highly tax-efficient, particularly for higher and additional rate taxpayers. When you donate to a charity using Gift Aid, the charity can claim an extra 25p for every £1 you give, at no extra cost to you. This is because the charity reclaims the basic rate tax you have already paid on that income.

For taxpayers who pay tax at a rate higher than the basic 20%, the benefits are even greater. A higher rate (40%) taxpayer can claim back the difference

> Proactive Capital Gains Tax planning is about making deliberate, timed decisions rather than reacting to a large, unexpected tax bill further down the line

between their tax rate and the basic rate on the gross donation. For example, on a £100 donation (gross donation of £125 with Gift Aid), a higher rate taxpayer can reclaim £25 as long as the full donation is covered by income taxed at a higher rate. This relief is claimed through your Self Assessment tax return, effectively reducing your overall tax bill.

Maximising the benefits of giving

To qualify for tax relief, you must have paid at least as much Income or Capital Gains Tax in that tax year as you want to claim in Gift Aid. It is important to keep accurate records of all your charitable donations to ensure you can claim them correctly on your tax return. Donations made before the 5 April deadline can be included in your 2025/26 tax return.

You can also elect to treat a donation made in the current tax year as if it were made in the prior year, which can be useful if you had a higher income in the prior year and could benefit more from the relief then. Furthermore, you can donate certain listed shares and securities to charity and receive Income Tax relief on the full market value of the assets, in addition to being exempt from Capital Gains Tax. This is a specialist area where professional advice can help you structure your philanthropy in the most effective way possible.

Final checks before the tax year end

As the 5 April deadline approaches, a final review of your finances can help you avoid missing key opportunities. Create a simple checklist to ensure all essential actions have been considered. Have you used your full ISA allowance? Have you maximised your pension contributions, taking into account any available carry-forward allowance? These are the two most common and powerful actions available to almost everyone.

Next, review your investment portfolio. Are there any gains you could realise within the £3,000 CGT exemption? Conversely, are there any losses you could crystallise to offset other gains? Remember to consider any gifts you have made during the year and ensure they fall within the relevant IHT exemptions. It is also a good time to ensure your records are in place for your Self Assessment tax return, particularly for charitable donations where Gift Aid has been applied.

The importance of professional review

This period is the ideal time to schedule a meeting with us. We'll provide a comprehensive review of your financial situation and ensure that the actions you are considering are suitable for your individual circumstances and long-term objectives. Additionally, we can help you navigate the complexities of tapered allowances, inter-spouse transfers and other nuanced strategies that can be difficult to implement correctly on your own.

Having a conversation with us provides not only technical expertise but also a valuable second opinion, ensuring your financial plan is robust and well considered. We can help you look beyond the immediate tax year and structure your finances to remain efficient for years to come. Do not leave this review until the last minute; acting now gives you time to implement any advice properly and without time pressure. ■

Is it time to reassess your estate and retirement planning strategy?

By taking the time now to reassess your estate and retirement planning strategy, you can identify risks before they become problems and proactively adapt your approach rather than react. The earlier you start planning for the upcoming changes, the more options and flexibility you'll have to safeguard your wealth, honour your wishes and provide security for those you care about most.

Don't leave your legacy to chance. Contact us to discuss your circumstances and develop a plan for the future.

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A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

Don’t let the clock run down on potential tax savings!

Take control of your finances with smart year-end tax planning. From deductions to credits, there are ways to reduce your tax burden—but only if you act now.

Contact us today to schedule your consultation and make the most of this tax season!

This guide is for your general information and use only and is not intended to address your particular requirements. The content should not be relied upon in its entirety and shall not be deemed to be or constitute advice. Although every effort has been made to provide accurate and timely information, there is no guarantee that it is accurate as of the date it is received or that it will remain accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation.
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