Ten Top Tax Tips

1 Tax planning can be undone by not submitting the correct tax information on time, or not paying your tax liabilities by the due date. In either case, HMRC will levy penalties which could exceed the tax due, or wipe out any tax savings made. You could also find HMRC pays closer attention to your tax affairs in the future.

2 Can you use the new transferrable amount of personal allowance? From 2015/16 onwards, married couples and civil partners are able to share some of their personal allowance between them. The unused allowance of one partner can be used by the other, meaning an overall tax saving for the couple. The amount you can transfer is capped at £1,060 for 2015/16 (10% of the personal allowance), and a transfer is not permitted if either partner is a higher or additional rate taxpayer.

3 Ensure your ISA balance passes to your spouse or civil partner. For deaths after 3 December 2014, a surviving spouse can increase their tax-exempt ISA savings by the value of the deceased partner's ISA balances. For example, if a husband died on 5 December 2014 leaving ISA balances of £100,000, his wife can invest up to £115,240 in an ISA for 2015/16 (£100,000 plus the normal ISA limit of £15,240). Previously, savings in ISAs lost their tax-efficient wrapper on death.

4 Make sure you tell HMRC which of your properties should be treated as your main home for tax purposes when you buy a second (or even third) home. The property that has always been your main home is free of capital gains tax (CGT). Any other property where you have lived for part of the time will attract a tax exemption for the periods you have lived there and have elected for it to be your main home. If a property has been your nominated main home at any time, the gain for the last 18 months of ownership (36 months if moving into care) is free of tax, even if you do not live there during that final period. Note that the position can be somewhat more complicated if an overseas property is involved.

5 Take advantage of your annual allowance for making pension contributions, because tax relief is available up to your highest tax rate. Your annual allowance for 2015/16 is £40,000 plus any unused allowance brought forward from the previous three tax years. This allowance must cover any pension contributions you make yourself, and any contributions paid for you by your employer. Contributions made in excess of your annual allowance will attract a tax charge at your marginal tax rate. Be warned that from 2016/17, there will be a tapered reduction in the annual allowance if your income exceeds £150,000. A minimum allowance of £10,000 will apply should your income be £210,000 or more.

6 Make a will and review it regularly. If you die without making a will, your assets will be divided between your relatives according to the intestacy rules. This will be after IHT is paid at 40% on any value above £325,000 that goes to anyone other than your spouse or civil partner (an additional exemption will be available from 6 April 2017 if your main residence passes to your children or grandchildren). If you have no surviving relatives, the whole of your estate will go to the Crown (i.e. the government).

7 Plan ahead for a first property. The introduction of 'Help to Buy ISAs' from 1 December 2015 will provide first time homebuyers with a maximum government bonus of £3,000 for those who save £12,000. Taxpayers who save up to £200 a month with a Help to Buy ISA will have their savings boosted by the government by 25% – a £50 bonus for every £200 you save. The limits apply to each person, not to a couple.

8 If you are getting married or entering into a civil partnership, and you both own separate properties which you continue to occupy for some periods, you need to nominate one of them as your main home within two years of your marriage/civil partnership. Once married, you can have only one main home between you for tax purposes. So nominate the one that is likely to make the best use of your CGT property exemption, otherwise HMRC will designate the property that you occupy the most as your main residence.

9 Contribute up to £4,080 each year into your child's Junior ISA. The fund builds up free of tax on investment income and capital gains until the child reaches 18, when the funds can either be withdrawn or rolled into an adult tax-free ISA. Relatives and friends can also contribute to the child's Junior ISA, as long as the £4,080 limit is not breached. Any child aged under 18 who lives in the UK can have a Junior ISA if they were not entitled to a child trust fund (CTF) account, although a CTF can be switched to a Junior ISA.

10 If a scheme sounds too good to be true, it probably is. In particular, do not get involved in a tax scheme that relies on the non-declaration of income or capital gains, as that would be illegal. A general anti-abuse rule counteracts tax advantages arising from abusive tax avoidance arrangements.

This content is for general information only and is not intended to be advice to any specific person. As with all tax planning, you are recommended to seek competent professional advice before taking or refraining from taking any action on the basis of the contents of this publication. This publication represents our understanding of law and HMRC practice as at 14 July 2015.

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