**“Max out” your allowances against tax and your investments**

**The end of the tax year is fast approaching, and our annual allowances for this current tax year will once again end on 5th April 2022.  It makes good sense to use up these maximum allowances, into tax free investments and to save taxes on your personal finances.**

**ISA Contributions**
Firstly, the ‘big one’, the amount you can invest into an Individual Savings Account (ISA) resets at the tax year end (5th April 2022) and if you don’t use it, you lose it. This tax year, the ISA limit remains at £20,000, and many of us may not have reached the maximum allowance. So check how much you have already invested and if possible top it up to the maximum tax free limit of £20,000.

**Junior ISAs**
Junior ISAs, for children under age 18, the limit for 2021/22 tax year is now £9,000; So again, check how much has already been invested and if possible top it up to the maximum tax free limit of £9,000. Once a Junior ISA has been set up for a child by the parents or guardians, then the Grandparents and other family members can make contributions to the Junior ISA.

**Check your pension**
Your pension contributions need checking annually. The maximum pension contribution you can make for this year, whilst still receiving tax relief, is based on your earnings for the year and is capped at £40,000 (£10,000 if you have already started drawing a pension). Contributing to your pension is often a good way to reduce your tax liabilities, although it should be done with your full financial plan in mind.  You will need to consider the pension lifetime allowance, which is currently £1,073,100. Anything above this level within your pension can currently be taxed at a very high rate

**Junior SIPP Pension**
Surprisingly, children can also hold a pension and make pension contributions and receive the usual 20% basic rate tax relief at source. The junior SIPP allowance for the 2021-22 tax year is £3,600. This figure includes basic-rate tax relief at 20%, capped at £720 – even though your child is a non-taxpayer – meaning only £2,880 a year is the most you and others need to contribute to the pension to make it up to the maximum allowance of £3,600. You have until April 5, 2022 to use the current Junior SIPP pension annual allowance.

If you contributed £2,880 for the first 18 years of a child’s life, topped up with tax relief to £3,600 and growing at just 5% a year after fees, the child would have a pot worth £105,197.  Junior SIPPS make it an ideal way of transferring capital to your younger family as pensions are not subject to Inheritance Tax.

**Capital Gains Tax Allowance**
Many forget the ‘gift’ from the taxman, the Capital Gains Tax Allowance is £12,300 for the current tax year. This means that you pay no tax on Capital Gains up to this threshold. It is also an individual allowance, meaning that a couple can shelter up to £24,600; genuine gifts from a spouse or civil partner do not count towards the allowance. There are various other exemptions and careful planning can again really help your tax position. Capital Gains Tax allowance for children is set at the same rate as adults.

**Check your tax code**
Check your pay slip or ask your tax office for a coding notice. You could also be paying too much if, for example, your employment changed and your correct tax code wasn’t applied or you have more than one job. You can claim back overpaid tax for up to four years. Use all of your personal allowances.
Ensure that you are making the most of your individual tax-free personal allowance (PA), which is £12,500 for 2021/22 for people aged under 65. You can transfer unused allowances to your spouse/partner if they have little or no income.