

Five ways to maximise tax year-end planning opportunities 2025/26

Smart financial moves to consider before the tax year ends on 5 April 2026

As the 2025/26 tax year-end approaches on 5 April 2026, now is the time to review your finances to ensure you've maximised all available allowances and reliefs.

Tax year-end planning can help you save money, improve your long-term investments, and make better use of government incentives before they reset in April. Here are five key areas to consider before the deadline.

1. MAKE THE MOST OF YOUR ISA ALLOWANCE

Individual Savings Accounts (ISAs) remain some of the most effective methods to protect your money from tax. For the 2025/26 and 2026/27 tax years, the annual allowance is £20,000. Any returns earned from an ISA are completely free from Income Tax and Capital Gains Tax.

You can allocate your allowance among different types of ISAs, such as cash, stocks and shares, or innovative finance, or use it all in one. The key is to act before 5 April 2026, as unused allowances cannot be carried forward. When the new tax year begins on 6 April, your allowance resets, offering a fresh opportunity to save or invest tax-free.

2. BOOST YOUR PENSION CONTRIBUTIONS

Pensions remain one of the most tax-efficient ways to save. In the 2025/26 tax year, you can contribute up to £60,000 annually or 100% of your earnings, whichever is lower. The annual allowance includes all contributions, such as those from your employer. However, the 100% earnings limit applies only to personal contributions that qualify for tax relief. Contributions benefit from tax relief at your highest marginal rate, meaning every £80 contributed by a basic-rate taxpayer effectively becomes £100 in their pension fund. Higher and additional-rate taxpayers can claim further relief through self-assessment, but only on contributions matched by income taxed at those rates.

If you have unused allowances from the past three tax years, you could use the 'carry forward' rule to make larger contributions. Even those who are not earning can contribute up to £2,880 each year, with the government adding £720 in tax relief. Boosting your pension contributions before the

end of the tax year can lower your taxable income and enhance your long-term retirement savings.

3. USE YOUR PERSONAL ALLOWANCE WISELY

Everyone has a personal allowance, currently £12,570, which is the amount you can earn each year without paying tax. Married couples and registered civil partners can also benefit from the Marriage Allowance, which allows a non-taxpayer to transfer a fixed £1,260 of their personal allowance to a partner who pays basic-rate tax. This could save up to £252 in the 2025/26 tax year, and claims can be made retrospectively for up to four years.

If one partner pays less or no tax, and if appropriate, you might think about holding savings or investments in their name to reduce overall tax liabilities. Remember that unused personal allowances cannot be carried forward, so careful planning can help maximise the use of both partners' allowances each year.



4. REVIEW YOUR INHERITANCE TAX POSITION

Inheritance Tax (IHT) is levied at 40% on estates exceeding £325,000, a threshold that remains unchanged until April 2030. An additional £175,000 residence nil-rate band applies if you pass on your home to direct descendants.

You can reduce future IHT liabilities by making gifts during your lifetime. Everyone has an annual gifting allowance of £3,000, which can be carried forward for one year if unused, along with the ability to give unlimited small gifts of up to £250 per person. Larger gifts may also be exempt if you live for at least seven years after making them.

Regular gifts made from surplus income, such as paying a grandchild's school fees, can also fall outside your estate if structured correctly. Reviewing your estate plans annually ensures you are maximising these allowances.

5. MANAGE YOUR CAPITAL GAINS

If you hold investments outside of tax wrappers, consider reviewing them before the end of the tax year. The Capital Gains Tax (CGT) annual exempt

amount is £3,000 (a maximum of £1,500 for trusts) for 2025/26. Gains exceeding this threshold are taxed at 18% for basic-rate taxpayers on any gain falling within the basic rate band and 24% for higher and additional-rate taxpayers (or basic rate income tax payers where any gain falls above the basic rate band when added to income).

Couples can transfer assets without tax to optimise both exemptions. Making strategic disposals before 5 April could help realise gains efficiently and reduce potential tax liability in future years. ■

ARE YOU PREPARED FOR THE 2025/26 TAX YEAR-END?

Taking action before 5 April can help you reduce your tax, maximise allowances, and strengthen your financial position. Reviewing your ISAs, pensions, and estate plans now ensures you make the most of every opportunity. To find out more about what you should consider, please speak to us.

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TAX, LEGAL OR FINANCIAL ADVICE. TAX

TREATMENT DEPENDS ON INDIVIDUAL

CIRCUMSTANCES AND MAY CHANGE IN

THE FUTURE. 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. INVESTMENTS CAN FALL AS WELL

AS RISE IN VALUE, AND YOU MAY GET BACK

LESS THAN YOU INVEST.

