

Tax Planning Guide 2024/25

Optima Accountancy Services Limited

Introduction

Effective tax planning is essential for individuals and businesses to minimise tax liabilities legally. This guide provides key strategies for the 2024/25 tax year.

Key Tax Dates 2024/25

- 31 January 2025: Self-assessment tax return deadline for 2023/24
- 5 April 2025: End of 2024/25 tax year
- 31 July 2025: Second payment on account deadline
- 5 October 2025: Registration deadline for self-assessment 2024/25

Tax Planning Strategies

1. Maximise Pension Contributions

Pension contributions receive tax relief at your highest marginal rate. For 2024/25, you can contribute up to 100% of your earnings or £60,000 (whichever is lower) and receive tax relief.

2. Use Your ISA Allowance

The ISA allowance for 2024/25 is £20,000. Investments grow tax-free and withdrawals are not subject to income tax or capital gains tax.

3. Capital Gains Tax Planning

Use your annual capital gains tax exemption (£3,000 for 2024/25). Consider timing of asset disposals and transferring assets between spouses to utilise both exemptions.

4. Dividend Allowance

The dividend allowance for 2024/25 is £500. Plan your dividend payments carefully to optimise tax efficiency, especially if you run a limited company.

5. Business Reliefs and Allowances

Take advantage of Annual Investment Allowance (AIA) of £1 million for qualifying plant and machinery. Consider R&D tax credits if your business undertakes qualifying research and development activities.

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