

2007/08 Tax Year Ending Soon

ISAs – Individual Savings Accounts

If you have not yet used your ISA allowance and wish to do so please contact us as soon as possible. The tax year end is now looming rapidly (5th April) we will be able to receive postal applications provided that they arrive by Wednesday 2nd April, alternatively we can also conduct investment over the phone if you have an appropriate account card with sufficient funds, we can do this up to 5.00pm on Friday 4th April.

Remember that you can invest up to £7000 per person per tax year into a MAXI Investment ISA or £4000 if you have used a Mini Cash ISA (£1-£3000). The rules on this will be changing from 6th April with allowances increased to £7200 for a MAXI Investment ISA or £3600 towards a Mini Cash ISA, leaving a reduced Mini Investment ISA allowance of £3,600.



Pensions

You will recall that the new rules introduced nearly 2 years ago mean that you can invest up to 100% of your earned income towards a pension and receive tax-relief. Anyone able to do this will appreciate that the tax back from the Government is more than was paid as no tax is paid on personal allowances, whereas pension contributions receive 22% relief automatically.

The slight-of-hand "tax reduction" announced a year ago means that the starting rate of tax (10%) will be abolished and basic rate tax will be reduced to 20%. The knock-on effect of this is that pension contributions become a little more expensive. Every £100 gross invested will now cost you £80 rather than £78.

The problem with most tax allowances, is that we now live in a "use it or lose it" approach by the Inland Revenue (HMRC). You cannot use previous years unused allowances, which used to be the case with pensions.

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