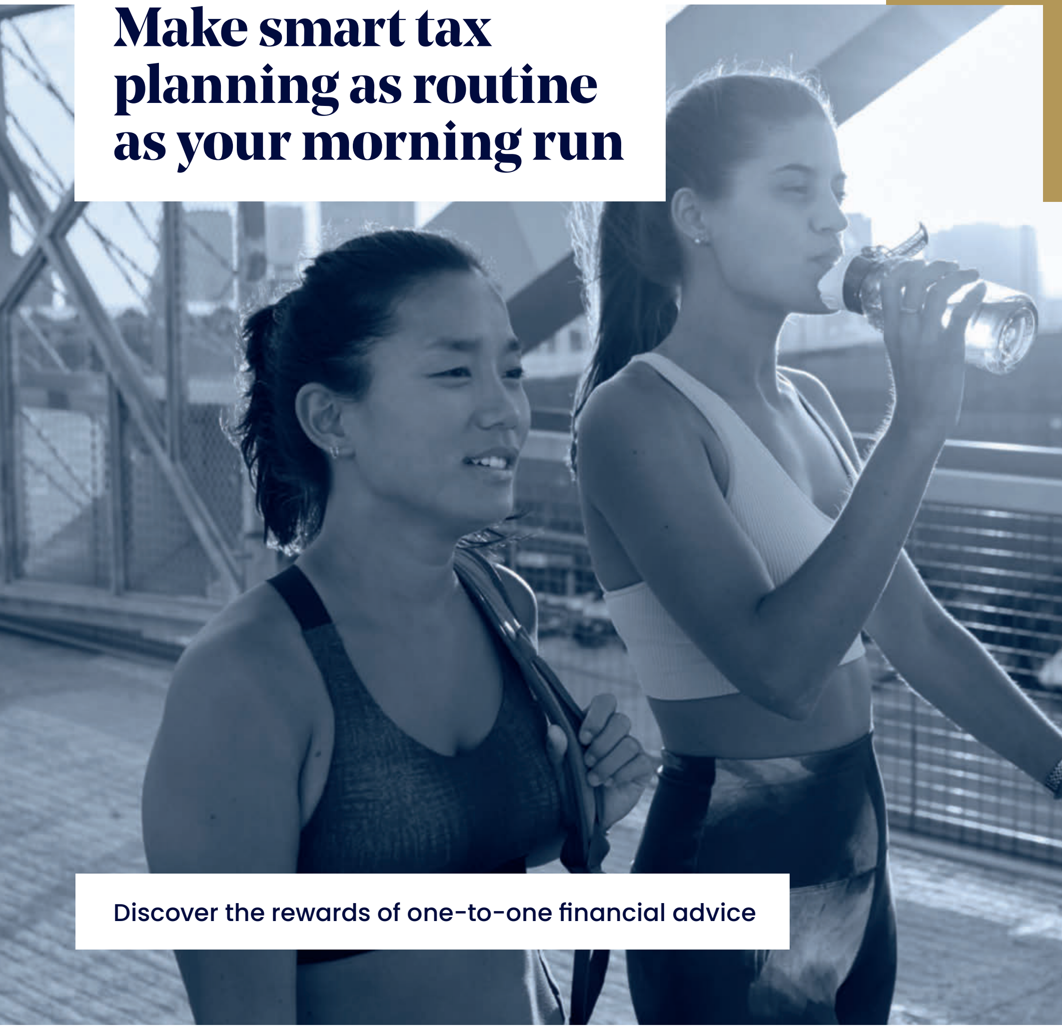
MACINTYRE
WEALTH MANAGEMENT

Tax Year 2025/26



Make smart tax planning as routine as your morning run

Discover the rewards of one-to-one financial advice

This 20-page guide takes around 15 minutes to read

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Partner Practice
St. James's Place

Good financial habits for achieving life`s biggest goals

Developing good habits with tax planning can bring you closer to your financial goals. By making the best use of your tax reliefs and allowances, you can lay a strong foundation for your family's financial future, retire comfortably, or plan how to pass on your wealth. **Find out more on the following pages:**

Contents

Images: Getty Images, Stocksy

The power of good habits: maximising your tax reliefs and allowances today

Build strong financial habits by using your tax allowances now and in the future, so you can stay on track to reach your goals.

It might be to take the first step onto the property ladder, save for your child to go through university debt free, or upgrade to a bigger home. Or it could be to enjoy the financial freedom in later life to follow your passions, or to ensure you'll pass on as much of your wealth as possible to loved ones.

Whatever your ambitions, smart tax planning can play an important role in helping you achieve them. And a key element of that is ensuring you take advantage of the tax reliefs and allowances that are available to you every year.

So, are you ready for a new tax year?

We can help you create a clear plan. Working towards your financial goals while meeting the demands of everyday life takes considered and expert planning.

That means using the right tools for you at the right time and ensuring you find the right balance of savings and investments, to make your money work harder for you. This is even more important in a time of continuing fiscal uncertainty.

The tightening of many tax allowances is also placing a greater burden on many taxpayers, so it's essential to consider the decisions and actions you can take this tax year to mitigate any impacts.

Expert advice is invaluable here. Whether it's opening or topping up an ISA, maximising your Capital Gains Tax allowance or adding to your pension, we're here to help.

Remember, we can show you how to benefit from your available tax allowances and reliefs, now and in the future.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than you invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

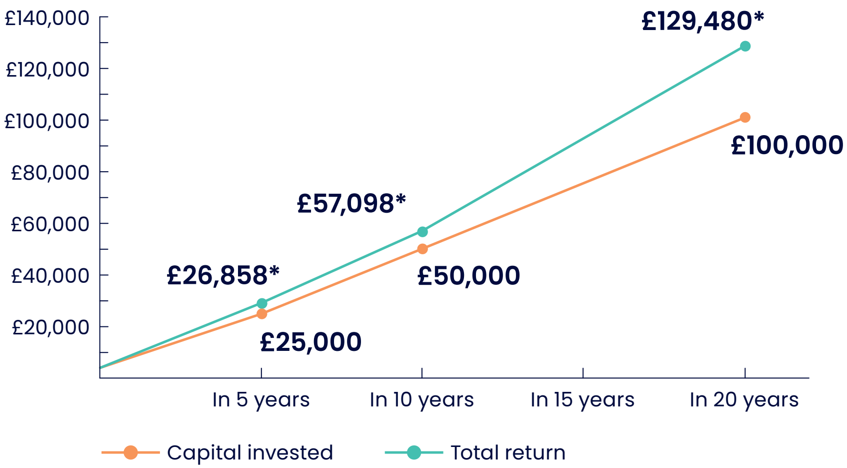
ISAs

What is an ISA and why should you consider one?

An ISA is a great way of making your money work harder for you. Everything you earn from it is currently free of Income Tax and Capital Gains Tax, making it extremely tax efficient. ISAs are also a flexible option if you want to start investing in stocks and shares. You can't carry forward any ISA allowance you don't use in a single tax year – so make sure you use as much of this year's £20,000 allowance as you can.

Adding a little each year goes a long way

The power of compounding means that even adding relatively small amounts to your ISA each year can make a big difference in the long run. If you started an ISA with £5,000 in year one and then topped it up by £5,000 at the same time every year – thanks to the fact the returns on your investments will be reinvested and are so tax efficient – **here's how your money could grow:**



*Figures based on growth after charges of 2.4% per year. The figures are examples only and not guaranteed. They are not minimum or maximum amounts. What you get back depends on how your investment grows and the tax treatment of the investment. You could get back more or less than this.

Please note that if a Stocks and Shares ISA was selected, the values over this period would fluctuate and the green line would fall as well as rise. It would be possible to get back less than the amount invested.

Finding the right balance of ISAs

Even with higher interest rates, high inflation means that if you keep your savings in a Cash ISA, the money could lose its value in real terms. If you're able to invest in a Stocks & Shares ISA over the long term (we always recommend that this should be at least five to ten years), it has the potential to beat inflation over time, despite the short-term ups and downs of the stock markets.

The value of an ISA with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than you invested. An investment in a Stocks & Shares ISA will not provide the same security of capital associated with a Cash ISA.

The favourable tax treatment of ISAs may not be maintained in the future and is subject to changes in legislation.

Please note that St. James's Place does not offer Cash ISAs.

Eat. Sleep. Save. Repeat.

Whether it's eating their greens or putting a little extra cash aside each month, good habits will set your children up for the future.

Although they must be opened and managed by a parent or guardian, Junior ISAs (JISAs) allow you to save money for any child up to the age of 18. As with other ISAs, any returns are currently free of Income Tax and Capital Gains Tax. Another benefit is that by gifting money to children, you're removing it from your own estate, which could help mitigate Inheritance Tax or reduce the amount payable when you die (see page 14 for more details).

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than you invested. An investment in a Stocks & Shares ISA or JISA will not provide the same security of capital associated with a Cash ISA.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

Please note that St. James's Place does not offer Cash ISAs or JISAs.

Our approach to lifelong investing

When it comes to investing, our goal is to help you create the future you want. We always think in years and decades – not days – to help smooth out the ups and downs of the markets and help your investments stand the test of time.

Whether your investments with us are through a Stocks & Shares ISA or a pension (see page 10), we'll find the right mix of assets to balance risk against reward.

And we know that everyone's circumstances are different, so you can rely on us to advise you on solutions that are right for you, your own financial goals and your family.

Your ISA allowances for 2025/26

Each tax year, you can contribute **£20,000** per person into an ISA (so **£40,000** for a couple who each hold an ISA), and **£9,000** per child into a Junior ISA. This can be either a Stocks & Shares ISA, a Cash ISA, or a mix of both.

When it comes to making the most of ISAs, it's a case of 'use it or lose it' – you can't roll your allowance over into another year. So think about starting an ISA, or topping up your existing ones, before the end of the tax year.

Contact us now for a no-obligation consultation to discuss starting an ISA or topping up your existing one.

Your Personal Savings Allowance

Find the right balance between cash and investments

What should you do if you've been keeping your savings in cash accounts? With interest rates higher than they have been for many years, it's more likely some of the interest on your savings will be subject to tax, particularly if you're a higher-rate taxpayer.

You do have a few options, though. It's still important to have an 'emergency fund' that you can access quickly. You should hold this in cash, as stocks and shares can lose value. But for longer-term goals, a Stocks & Shares ISA is worth considering, as there's more potential for long-term growth (see page 4).

Your Personal Savings Allowance for 2025/26

The Personal Savings Allowance (PSA) means you don't have to pay tax on some of the interest you receive from your cash savings accounts. Your annual allowance is based on the rate at which you pay Income Tax, as follows:

£1,000

Basic-rate taxpayers can earn up to **£1,000** a year in interest tax free

£500

For higher-rate taxpayers, it's **£500** a year

£0

For additional-rate taxpayers, it's **£0**, meaning all interest is subject to tax.

Here's how much you could hold in a cash account (paying 5% annual interest) before you'd be liable for tax on the interest:

Basic-rate taxpayer
£20,000

Higher-rate taxpayer
£10,000

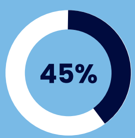
Contact us to talk through the tax reliefs and allowances available to you.

Watch out for the 67.5% tax trap!

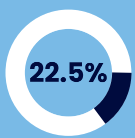
If you earn less than £100,000 per year, the first £12,570 of that is free of Income Tax for most people. However, if you earn £100,000 or more, that tax-free personal allowance is reduced by £1 for every £2 you earn over £100,000.

That means you could be taxed at a rate of 67.5% on income between £100,000 and £125,140.

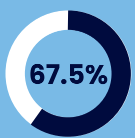
Here's how that might work in practice:
Assume your income is: **£100,000**
But you get a bonus or pay rise of: **£10,000**



Amount paid in Income Tax on the £10,000 (at 45%): **£4,500**



Additional Income Tax (as your personal allowance is reduced by £5,000): **£2,250**



Total extra Income Tax paid: **£6,750**
That's 67.5% of your additional income

One way of avoiding this trap is to pay earnings over £100,000 into your pension, which will take your income below the threshold and allow you to keep your full personal allowance. You'll also benefit from the 45% advanced-rate tax relief on that contribution, subject to certain limitations. Anything over the 20% basic rate of tax must be reclaimed via HMRC.

It could be you
An increasing number of people will be affected by the 67.5% tax trap, as earnings are rising on average but Income Tax thresholds are frozen.

Check you're making the most of your tax allowances so you don't have to pay more tax than you need to.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than you invested.

An investment in equities does not provide the security of capital associated with a deposit account with a bank or building society.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are dependent on individual circumstances.

Pensions

Getting into good habits with your pension for a happy retirement.

Because of the Income Tax relief you get on the contributions you pay into your pension - when used as part of a balanced investment portfolio - it is one of the best ways to save for your retirement. This tax year, you can contribute and receive tax relief on up to the higher of 100% of your earnings or £3,600. Total contributions, including those from your employer are also limited to the annual allowance (standard £60,000). More details are on page 13.

Bear in mind that the freezing of the Income Tax personal allowance and tax bands – and the reduction of the additional-rate Income Tax threshold to £125,140 – means you could end up paying more tax. Maximising your pension contributions is one way to reduce the effects of this.

How tax relief on pension contributions works

When you pay into your pension pot (up to the higher of 100% of earnings or £3,600), you will receive tax relief on your contributions. So, to make a total contribution of, for example, £100:

Starter or Basic-rate Income Tax | **Higher-rate Income Tax** | **Top-rate Income Tax**

You will need to claim any tax relief over the basic rate via HMRC.

Contributing to your pension now is a great habit to start

It’s worth topping up you pension as early as you can. That’s because, over the long term, this money can benefit from compounding and could add a significant amount to your retirement fund. Therefore, the earlier in life you start contributing to a pension, the better.

Let’s say you’re planning to retire when you’re 67 and you make a contribution towards your pension of £200 a month.

If you start saving at age	Your estimated pension fund at retirement might be
20	£349,000
30	£215,000
40	£123,000

This calculation is based on monthly contributions invested each month, increasing by 2.5% a year, with growth after charges of 2.4% a year. These figures are examples only and are not guaranteed. All monetary values shown have not been adjusted for future inflation. They are not minimum or maximum amounts. What you get back depends on how your investment grows and the tax treatment of the investment. You could get back more or less than this.

But whatever age you are, it’s never too late to start saving for your retirement.

How much do you need for a comfortable retirement?

Here's an idea of what various levels of income in retirement will cover for a single person:

	Minimum	Moderate	Comfortable
	Income required £14,400 per year	**Income required** £31,300 per year	**Income required** £43,100 per year
	What could I do?	**What could I do?**	**What could I do?**
	DIY maintenance and decorating one room a year	Some help with maintenance and decorating each year	Replace kitchen and bathroom every 10-15 years
	£64 a week on food (including food away from the home)	£95 a week on food (including food away from the home)	£130 a week on food (including food away from the home)
	No car	Three-year-old car replaced every seven years	Three-year-old car replaced every five years
	A week-long UK holiday	A fortnight 3* all inclusive holiday in the Med and a long weekend break in the UK	A fortnight 4* holiday in the Med with spending money and 3 long weekend breaks in the UK
	Up to £630 for clothing and footwear each year	Up to £1,500 for clothing and footwear each year	Up to £1,500 for clothing and footwear each year

Source The Pensions and Lifetime Savings Association/Loughborough University, 'Retirement Living Standards', 2024. All figures are for illustration only and based on people living outside London

Did you know?

From April 2027, most pensions will be included in the value of your estate and therefore may be subject to Inheritance Tax. Currently most pensions are exempt from IHT.

Your pension allowances for 2025/26

You can personally get Income Tax relief on up to **100% of your earnings, or £3,600, whichever is higher,** but the total amount that can be paid into your pension, including from your employer is limited to an annual allowance of **£60,000**.

You can 'carry forward' your annual allowance if you haven't used it all in the previous three years. You use this year's one first, then you can go back up to three tax years (i.e. 2022/23) and use the unused allowance, then the next, and the next. The total amount you pay, and still receive tax relief on personally, would still be limited to 100% of your earnings or £3,600.

From age 55 (set to rise to 57 in 2028), you can withdraw up to 25% of your pension pot tax free. The rest is charged at your usual Income Tax rate.

Your deadline to make the most of your annual pension allowances is 5 April 2026, the end of the current tax year – so get in touch today for a no-obligation consultation.

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Inheritance Tax

How to protect your family wealth

The high rate at which Inheritance Tax (IHT) is charged gives many families a shock, so it's well worth doing what you can to take advantage of the relevant tax reliefs and allowances available to you.

Although the nil-rate band of £325,000 per person may seem generous, the 40% rate at which IHT is paid on the rest of your estate is not, subject to other allowances being available.

Here's an example of what could be charged when you die:

Total estate value

£1.5 million

First

£325,000

tax-free

Taxable sum

£1.175 million

Inheritance Tax liability at 40%

£470,000

This example does not take into account the residence nil-rate band of up to £175,000 if you leave your residence to your direct descendants (see opposite page).

Make the most of your tax-free gifting allowances

A good way of reducing IHT liability is to make the most of your gifting allowances. You can give gifts to your loved ones every year that won't be counted as part of your estate for tax purposes. This is an effective way of passing on as much of your wealth as possible.

Here's how gifting works

£3,000

The amount you can gift tax free per year

£6,000

The total amount you and your spouse or civil partner can gift if you combine your allowances

£12,000

The amount you and your partner can gift this year if you haven't used last year's allowance, as it can be carried forward for one year although the current year's allowance has to be used first

Your Inheritance Tax allowances for 2025/26

If you leave all your estate to your spouse or civil partner, there is no tax to pay. The first **£325,000** of your estate that you leave to anyone else is also tax free.

If your home is included in your estate and you pass it on to your children, grandchildren or other lineal descendants, the tax-free threshold increases to **£500,000** per person, as long as the estate is worth less than £2 million.

When your spouse or civil partner dies, your allowances can be combined – meaning up to **£1 million** can ultimately be passed on tax free. You and your spouse or civil partner can also each gift up to **£3,000** per year during your lifetime which will reduce the value of your estate as soon as the gift is made.

This £3,000 allowance can be carried forward if you didn't use it last year – giving a limit of up to **£12,000** for a couple for this tax year.

You can also make larger gifts but they generally take seven years to be exempt from IHT.

Did you know?

From April 2027, most pensions will be included in the value of your estate and therefore maybe subject to IHT.

With this change, coupled with the frozen nil-rate band thresholds, Inheritance Tax planning is likely to become more important.

Contact us now for a no-obligation consultation to discuss this and other ways of protecting your family wealth.

Contributing to a Junior ISA (see page 6) or a pension (see page 10) for your children or grandchildren are also effective ways of passing on your wealth tax efficiently.

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Capital Gains Tax

How to steer clear of the CGT trap

Capital Gains Tax (CGT) can be one of the most complex taxes, so it's no wonder people fall into the trap of paying unnecessarily, or end up being fined for not paying when they should.

Here's how you might fall liable for CGT without even realising:

- You were given some free shares in a company as a bonus, which are worth **£5,000**
- Their value rises considerably and they're now worth **£25,000**
- Your 'taxable gain' (i.e. the profit you have made) if you sell them all at once is **£20,000**
- The first **£3,000** of the profit is tax free, but you must pay tax on the remaining **£17,000**
- If you're a higher-rate taxpayer, the tax charge is **24%** – therefore the tax liability would be **£4.080**

There are several ways of reducing this bill – potentially to zero – including:

1. Holding the shares in an ISA, which makes them exempt from CGT (see page 4).

2. Realising £3,000 of the gains from shares this tax year, which is the 2025/26 annual exempt amount, and the rest over the following years (but be aware of the forthcoming allowance changes – see below for more details).

3. Transferring some of your assets to your spouse or civil partner so you can both make use of your individual allowances.

Times are changing

This year the CGT allowance has remained the same at **£3,000** and for disposals made on or after 30 October 2024, the basic rate of Capital Gains Tax (CGT) has increased from 10% to 18% and the higher rate has increased from 20% to 24%. Making sure you're using losses and realising gains at the most appropriate time can make a big difference to the amount of tax you have to pay. This could mean moving assets into different wrappers – pensions and ISAs, for example – to make sure you're not creating gains, or splitting the sale of assets over several tax years.

With our invaluable advice we can help you maximise your allowances - and create the future you want. Get in touch today for a no-obligation consultation to discuss this and ensure you don't end up paying too much or too little.

Dividends

Consider holding your shares in an ISA

You usually receive payments from stocks and shares in the form of dividends. If they're not held in an ISA, it can mean you're liable to pay Dividend Tax. The first **£500** you receive in dividends is tax free, but after that you'll have to pay tax according to your Income Tax band: **8.75%** if you pay tax at the basic rate, **33.75%** if you pay at the higher rate and **39.35%** if you pay at the additional rate.

Here's how much you'd be taxed if you're a higher-rate taxpayer:

You receive annual dividends to a total value of

£5,000

The amount that is taxable is

£4,500

The amount you'll be taxed (33.75%) is

£1,518.75

If you'd held your shares in an ISA, you'd be taxed

£0

Mind your allowances

The dividend allowance has reduced significantly in recent times, and for this tax year is only **£500**. This makes it even more worth your while to ensure your stocks and shares are held in a tax-efficient wrapper, such as an ISA (see page 4) or a pension (see page 10).

Make sure you are making the most of your tax-free allowances this tax year. Contact us now for a no-obligation consultation to discuss your options.

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Your tax planning checklist

Ensure you've made the most of your available tax reliefs and allowances to create the financial future you want.

ISAs
Have you taken full advantage of this year's £20,000 ISA allowance? Or the £9,000 Junior ISA allowance?

Personal Savings Allowance
Have you got the balance between keeping a cash fund and making the most of this year's ISA allowance?

Pensions
Consider paying as much as you can into your pension. If you are at the point in your life when you could increase your pension contributions, then do it.

Inheritance Tax
Are you looking to reduce a potential IHT liability? You may be able to gift as much as £6,000.

Capital Gains Tax
Make sure you pay what you owe this year, but don't end up paying when you don't need to. Are you thinking about how the reduction of the tax-free threshold and increase to the rates will affect you?

Dividends
Are you receiving your dividends tax free in an ISA?

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Helping your children onto the property ladder, paying for their wedding, upgrading your home, securing a worry-free future, passing on an inheritance—whatever your dreams, good habits in tax planning can help you get there.

Build good habits now for a secure financial future.

We can help you make the most of your available tax reliefs and allowances to put you on track to help achieve your ambitions.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

Get in touch so we can help you reach your financial goals.

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