

# TAX YEAR END 2020/21

## PLANNING OPPORTUNITIES IN A UNIQUE YEAR

The Covid-19 pandemic prompted many to tweak their financial affairs this year. If that was the case for your clients, what opportunities may remain ahead of the end of the 2020/21 tax year?

### WHAT IF CLIENTS...

1

#### Face redundancy or were made redundant

If any of your clients have been or could be affected by redundancy, there may be a couple of considerations.

If they can, clients could *use part of their taxable redundancy payment* to make pension contributions. Or, if their employer agrees, they could give up some of their redundancy payment as an employer contribution to their pension (redundancy sacrifice).

They could also place some of a payment into a Cash ISA to avoid attracting further income tax liabilities while they work out their affairs or secure another role.

2

#### Dipped into their ISA

Clients may have taken some money out of their ISA this tax year. However, if an ISA is 'flexible', it can be *put back in before the end of the tax year* and still benefit from the tax advantages.

The Advance Cash and Advance Stocks and Shares ISAs are classed as flexible.

3

#### Realised a loss

Markets saw unprecedented volatility in 2020. Global stocks had the best and worst sessions in a decade on consecutive days. If a client has realised capital losses on their investments this tax year which are more than any chargeable gains, they can *carry forward the excess loss indefinitely* to set against gains in future tax years.

4

#### Stopped pension contributions

The unique circumstances presented by 2020 may have prompted some clients to halt or lower their pension contributions. If they can, and subject to the tax relief and annual allowance rules, clients could *catch up on 'missed' contributions* by either increasing their remaining regular contributions or making a single contribution.

The same principle applies with ISAs.

If you would like to find out more about any of these points, please contact an Advance Account Manager on 0345 607 2013.

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