

How can I make use of my annual redemption before it's reduced?

Here's an example. Let's say you have a £25,000 gain on a share portfolio. This example is based on a higher rate taxpayer.

Disposal over three tax years

| Tax Year | Gain Realised | Annual Exemption | Excess | CGT Charge @20% |
|----------|---------------|------------------|--------|-----------------|
| 2022/23 | £12,300 | £12,300 | £0 | £0 |
| 2023/24 | £6,000 | £6,000 | £0 | £0 |
| 2024/25 | £6,700 | £3,000 | £3,700 | £740 |

Full disposal in the 2024/25 tax year

| Tax Year | Gain Realised | Annual Exemption | Excess | CGT Charge @20% |
|----------|---------------|------------------|---------|-----------------|
| 2024/25 | £25,000 | £3,000 | £22,000 | £4,400 |

In this example £3,660 was saved in tax by using the annual exemptions each year.



Three things to consider:

You can't carry forward any unused allowance from the previous year. However, by carefully planning ahead and releasing gains gradually over a number of years, you can look to fully utilise your annual allowance.

Holding assets in an ISA or Pension will make them exempt from CGT.

You can transfer assets to your spouse and civil partner, ensuring you both can make full use of your personal allowances.

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 the amount invested.

The deadline for making the most of your current CGT exemption is 5 April. Get in touch to discuss this and ensure you don't end up paying too much or too little.

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