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101 Practical Tax Tips

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Contents

About This Guide

All taxpayers like to save tax and there are many simple steps that can be taken to achieve this aim.

This guide contains 101 ultimate tax tips. By reading through these practical tips you will come across at least a few that will apply to your circumstances and save you some tax. Or at the very least they have given you food for thought and you will take some professional advice before taking any action or refraining from any action as a result of reading these tips.

The tips are for guidance only and professional advice should always be sought before undertaking tax planning of any sort. The savings that can be made will depend on the precise circumstances and the examples are a guide only.

There are always more tips as tax is a very complex subject. However this book covers the more practical ideas so that everyone can take something from it.

Chapter 1: Making the Most Of Allowances And Lower Rates Of Tax

1) Transfer Income-Earning Investments To Use Non-Taxpayers' Personal Allowances

If one spouse or civil partner is working and the other has no taxable income, it is worthwhile considering transferring income-producing investments to the non-working spouse/ civil partner in order to utilise their personal allowance.

This may be an option, for example, if one partner has, say, shares or a property which is rented out. Under the Capital Gains Tax rules for spouses and civil partners, it is possible to transfer assets between spouses on a no gain/no loss basis. This means that assets can be transferred between spouses without triggering a Capital Gains Tax liability.

Where assets are owned jointly, spouses and civil partners are deemed to share the income equally, regardless of the actual ownership of the underlying asset (unless the couple elect on form 17 for income to be allocated in accordance with the actual beneficial ownership). This rule makes it possible to shift 50% of the income to a spouse or civil partner, while retaining a greater share of the ownership of the underlying asset.

Making use of a spouse or civil partner's unused personal allowance will save tax and will increase the overall post-tax return from the underlying investments.

If it is not possible to utilise all of one spouse or civil partner's personal allowance, consider whether the marriage allowance can be claimed. (See Tip 3)