

Wealth Matters – February 2019

## Are you ready for the financial year-end?

The UK has one of the highest rates of personal income tax in the world.

With a range of allowances and tax relief available, it's important to understand how the system works.

So, what steps can you take to manage your tax affairs more effectively?

1. An ISA (Individual Savings Account) enables you to save or invest money without paying tax on the interest, or, on the investment returns you receive.  
The allowance for the 2018/19 tax year is £20,000, which you can invest in any combination of permitted ISAs during the same tax year.
2. It's worth remembering:  
No tax is payable on the first £2,000 of dividends you receive in the tax year.
3. Consider moving towards investments liable for Capital Gains Tax – 20% on most gains, 28% on real estate – rather than Income Tax – 45% top rate!  
Don't forget, there's an annual exemption of:  
£11,700 on capital gains\*<sup>1</sup>.
4. Gift Aid can act as a valuable relief for gifts to charities. The gift is made out of the donor's taxed income, and the charity benefits, by claiming the basic rate tax on the value of the gift.
5. Make use of Inheritance Tax reliefs and exemptions.  
These include:  
The annual gifts exemption of £3,000\*<sup>2</sup>  
The small gift allowance of £250 per donee  
Gifts made in consideration of marriage

For more information on managing the tax system as effectively as possible, seek advice from a professional tax advisor.

\*<sup>1</sup>(2018/19)

\*<sup>2</sup>£6,000 if no gifts were made during 2017/18

Source: Eight surprising facts about the UK tax system, BT, 2016