

# holder & combes

*Pensions, Investments, Protection, Mortgages*

## **When Recession strikes.....**

Research by unbiased.co.uk shows UK taxpayers wasted £1.9 billion on unnecessary inheritance tax payments out of total £9.3 billion in tax wastage. The findings from the independent financial website show payments for the so-called 'death tax' rose by 24% on 2007, an increase of almost £370 million.

[Unbiased](#) has warned a lack of IHT provision looks set to continue, with more properties now valued above the £312,000 nil-rate threshold than ever before. IHT is the UK's fourth most resented tax, beaten only by fuel duty, council tax and TV license fee.

Here are 10 tips to reduce the tax burden through basic financial planning.

- 1) **If you have assets over £312,000 plan your inheritance** - an extra £1.9 billion could go to chosen heirs by planning properly to avoid IHT liabilities. IHT is often lost through not writing life assurance policies in trust, not thinking about inheritance tax allowances and, worst of all, by not making a will at all.
- 2) **If you save use up your annual ISA allowance** - £263 million in tax could be avoided by sheltering investments in ISAs, or moving savings from an ordinary deposit or savings account to an ISA. You could also consider a Friendly Society savings account.
- 3) **If you are eligible claim your tax credits** - £3.7 billion of 'free money' is up for grabs from HMRC and the DWP, in the form of Pension Credits, Child Tax Credits and Working Family Tax credits.
- 4) **If you fill in a tax return sort out your self-assessment** - £479 million waste could be wiped out by all forms arriving present and correct by the 31st January deadline. Self-assessment forms received after the deadline incur penalties of £100; further penalties and errors make up the balance of tax wasted in this way.
- 5) **All taxpayers should maximise personal tax allowances** - £474 million goes begging each year, £330 million through non-taxpayers failing to claim tax back on banks and building society savings accounts, and a further £144 million by taxpayers not transferring savings accounts to non-taxpaying spouses, if appropriate, so that the tax liability on the savings is lower, or none.
- 6) **Savers should top up your pension pots** - £726 million could be spared by optimising contributions to personal or company pension schemes, or making Additional Voluntary Contributions.
- 7) **If you employers offers and employee share plan take advantage of it** - £184 million is up for grabs for the estimated 600,000 staff currently in Profit Related Pay schemes.
- 8) **if you have capital gains use your CGT allowance efficiently, perhaps by transferring assets between spouses to make the most of both of your CGT allowances** - £264 million could be saved in this way.
- 9) **If you're a charity donator £936 million more could go to good causes by using tax-efficient means of charitable giving**. i.e. using a deed of covenant, Gift Aid or payroll giving.
- 10) **If your child or grandchild is eligible for a child trust fund, avoid waste by using up the tax free saving potential** - £242 million in tax could be saved in their first year of existence.

**Please call for more information – 020 7562 5755**