



HM Revenue
& Customs

Inheritance Tax Act 1984 s239(2)
Name and address of the person to whom
HMRC Capital Taxes should send the

Ten ways to avoid IHT

- 1.** Calculate what you are worth – it may surprise you (use our free calculator at squareonefinancial.co.uk/guides)
- 2.** Use your annual gift allowance of £3,000 a year (saving £1,200 of tax every year). You can do this for last year too - but only once.
- 3.** If you live with a long term partner consider marriage – to make sure that there's no tax to pay when the first of you dies
- 4.** Leave money to charity – its tax free to them. And if you give over 10% of your estate away you get a discount of 10% on the tax on the rest of it.
- 5.** Make substantial gifts as early as you can – and if you worry about the tax that might fall due, insure it
- 6.** If you have more income than you need you can give the surplus away and that's completely ignored for IHT purposes. But keep meticulous records and make sure the gift is regular
- 7.** If you have spare capital but feel disinclined to give it away put it into a flexible IHT trust – where you can get it back later if you need it
- 8.** If you think you've left it too late, don't worry. There are special investments that are exempt once you've owned them for two years – and these don't involve taking high risks. The market caters well for people in their nineties wanting to avoid tax
- 9.** If you own assets that have big capital gains that would mean paying tax, there are ways to shelter the tax, get you an income tax refund and save IHT. In fact the tax breaks amount to 98%!
- 10.** And if your only asset is a valuable home, think about equity release and then giving the money away or combining it with another solution. But don't do this without expert advice and the agreement of your family

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