Introduction

This section explains how different investments are subject to income tax and capital gains tax (CGT), and includes some ideas for tax planning. The general principles of income tax are the subject of Topic 1 in the separate topic 'Income tax basics: types of tax and income', and the general principles of CGT are the subject of Topic 3, the separate topic 'Key features of capital gains tax'. Tax-efficient investments are looked at in more detail in the separate topic 'Year end tax planning 2011/12'.

Bank and building society deposits

Income tax treatment

Interest from bank and building society deposits is savings income, and will normally have tax of 20% deducted at source so that the recipient receives 80% of the gross income. However, in some cases interest will be paid gross:

- On certain deposits of £50,000 or more.
- Where the recipient is not resident in the UK.
- Where the recipient is not liable to income tax and has requested gross payment, for example, where their income is less than the personal allowance.

The basis of taxation is the amount of gross interest received in a tax year. No deductions are allowed. Where interest is received net, then the gross figure is calculated by a process known as 'grossing up' – either multiply the net interest by 1.25 or divide it by 0.8. For example, if net interest is £1,000, the gross interest is £1,250, calculated as £1,000 × 1.25 or £1,000/0.8. UK banks, building societies and other deposit-takers have to provide investors with a certificate showing the gross and net amounts of interest, together with the tax deducted.

For 2011/12, a starting rate of income tax of 10% applies to the first £2,560 of savings income. However, this 10% rate only applies where savings income falls within the first £2,560 of taxable income. Income tax is charged first on non-savings income, then on savings income, and lastly on dividend income. Therefore if non-savings income exceeds £2,560, the starting rate of 10% for savings does not apply. In this case, savings income is taxed at the basic rate of 20% if it falls below the higher rate threshold of £35,000, at the higher rate of 40% if it falls between £35,001 and £150,000, and at the additional rate of 50% if it exceeds the £150,000 threshold.

Where interest is received net, then for non-taxpayers the 20% tax deducted at source can be reclaimed, whilst 10% taxpayers can reclaim half of the tax deducted. Taxpayers who are liable to tax at the higher rate or the additional rate will have to pay a further 20% (40% – 20%) or 30% (50% – 20%) in tax.

Everyone needs to hold some cash and the most tax-efficient way for most people to do this is through an Individual Savings Account (ISA), because the interest received is tax-free. For most taxpayers it is hard to see the downside risk of having a cash ISA rather than an ordinary deposit account:

- There is no minimum holding period.
- ISAs may provide a slightly better return compared to ordinary deposit accounts.
- The maximum annual investment into a cash ISA is £5,340.

ISAs are looked at in more detail under the subject of the separate topic 'Year end tax planning 2011/12'.

All Rights Reserved

If a parent puts a sum of money into a savings account for his or her minor unmarried child, the interest is still taxed as that parent's income. However, where the child's income from all investments made by the same parent is not more than £100, this rule is ignored and the income is treated as that of the child. The rule only applies to parents and so there is no problem where, for example, a grandparent puts money into a savings account for a child. Since minor children have their own personal allowance, grandparents and other relatives may consider putting money into a savings account in the name of the child as the interest will normally be free of tax.

Husbands and wives and registered civil partners are taxed independently, but many couples do not appreciate the implications for their savings. Potentially, they could save appreciable sums by an efficient split of their savings:

- Where one partner is not using, or not fully using, their personal allowance, then transferring accounts into their name will result in interest effectively becoming exempt.
- If one partner is a higher or additional rate taxpayer, and the other pays tax at 20% (or possibly 10%), it could be worth arranging for accounts to be owned by the partner who pays the lower rate of tax on income.
- There may also be some scope for preserving the personal allowance where one spouse is in the personal allowance trap – the personal allowance is tapered down to nil where net income is between £100,000 and £114,950. Net income can be reduced by transferring accounts into the name of the other partner.

However, not all spouses or partners are willing to share their savings freely. Some couples are scrupulous about who owns what. Separate finances are especially common in second marriages. A safer approach is to put accounts into joint names so that the interest is shared equally.

CGT treatment

Since bank and building society deposits cannot produce any capital gains there are no CGT implications.

Gilt-edged securities (Gilts)

Income tax treatment

Gilt-edged securities, commonly known as gilts, are British government stocks and are effectively loans to the Government. They normally pay a fixed rate of interest, with interest generally being paid twice yearly.

The interest is normally paid gross and is taxed as savings income on the same basis as bank and building society interest.

Any investor can elect for 20% income tax to be deducted at source from the interest. This will be the full liability for a basic rate taxpayer. A higher rate taxpayer will have to pay a further 20% of the gross interest, while an additional rate taxpayer will have to pay a further 30%. Obviously, deduction of 20% income tax will not be in the interests of a non-taxpayer.

CGT treatment

Gilts may be held until maturity in which case there will be no capital gain. However, even if sold at a profit on the Stock Exchange, gilts are exempt from CGT. As a consequence of this any capital losses are not allowable.

All Rights Reserved

National Savings & Investments (NS&I) products

Income tax treatment

NS&I products are government investments that can be bought easily through post offices, online, by telephone or by post. They are all guaranteed by the Government. There are several types of product, but the main ones are as follows:

- NS&I operates three different bank accounts. Investment Accounts and Easy Access Savings Accounts are operated by the Post Office, with a Direct Saver Account being operated by phone or online. Interest is paid gross, but is taxable as savings income. NS&I also offers a direct ISA which can only be operated by phone or online.
- NS&I Certificates are products that historically have almost always been available. However, in September 2011 the most recent issue of index-linked savings certificates had just been withdrawn. The maximum holding for NS&I Certificates is £15,000 per issue for each individual. Fixed Interest Certificates are issued for either two years or five years. Index-linked Certificates are linked to the rate of inflation as measured by the Retail Prices Index, and are generally three-year and five-year issues. In both cases interest is accumulated until maturity, with the interest being exempt from income tax.
- NS&I Income Bonds pay interest gross on a monthly basis. The interest is taxable as savings income, but as there is no deduction of tax they are convenient for non-taxpayers such as children.

CGT treatment

All of the NS&I products mentioned above are free of CGT.

Shares

Income tax treatment

Dividends from UK companies and most overseas dividends come with a tax credit equal to one-ninth of the dividend payment. This is equivalent to 10% of the dividend. The tax credit cannot be reclaimed should it exceed the income tax owed for the year.

The dividend and tax credit together form the gross taxable dividend income. Dividends are taxed in the tax year in which they arise.

The effect of the tax credit depends on the recipient's tax situation:

- A non-taxpayer cannot reclaim the tax credit.
- A basic rate taxpayer has no further liability because the tax credit covers their whole income tax liability.
- A higher rate taxpayer has a total liability at 32.5% including the 10% tax credit, and therefore has a further 22.5% of the dividend plus tax credit to pay. This is equal to 25% of the dividend.
- An additional rate taxpayer has a total liability of 42.5% including the 10% tax credit, and therefore has a further 32.5% of the dividend plus tax credit to pay.

CGT treatment

In general, shares of the same class held by one taxpayer are pooled, making it unnecessary to match sales with specific purchases. It is important to remember that these rules apply only for the purposes of matching shares of the same class.

All Rights Reserved

Disposals are identified with acquisitions in the following order:

1. Acquisitions made on the same day.
2. Acquisitions made within the following 30 days.
3. All shares of the same class in the same company. They are treated as forming a single asset (a 'share pool') regardless of when they were originally acquired.

For example, an investor has a shareholding of 6,000 shares in XYZ plc, having acquired 4,000 shares in August 1997 and 2,000 shares in May 2005. He sells 5,000 shares in June 2010. The 5,000 shares sold will be matched with 5,000 of the 6,000 (4,000 + 2,000) shares included in the share pool. The average price per share will be used.

Category 2 above counters bed and breakfasting. Where shares are sold and reacquired within a 30-day period, the earlier sale is matched with the later purchase. Before the introduction of this rule, bed and breakfasting was the simple procedure of selling ('bedding') and buying ('breakfasting') shares on consecutive days, enabling individuals either to realise gains (to use their annual CGT exemption) or to establish losses to set against gains made in excess of the annual exemption. There are still ways in which a person can achieve a result similar to bed and breakfasting, with care:

- It is still possible to sell and then buy shares to create gains or losses, but the two transactions must be at least 30 days apart rather than taking place on consecutive days. A person who decides to use bed and breakfasting in this form will be exposed to real price movements in the interim period, and this could create an unexpected gain or loss. It is also likely that transaction charges will be higher than under 'traditional' bed and breakfasting, because the commission charged to arrange a bed and breakfast deal was generally at a much lower rate than the normal dealing charge.
- Another way to bed and breakfast shares is by means of an ISA. The strategy here is to sell the shares into the market, with a matching acquisition of shares using the ISA. Clearly, the opportunities for this type of transaction are more limited than with traditional bed and breakfasting.
- A more practical solution is for a husband and wife or registered civil partners to jointly undertake a bed and breakfast.
    - For example, the husband will sell shares while his wife will buy, say, an equal number of shares.
    - If the position is looked at jointly, they have merely 'exchanged' their shares, but provided a real acquisition and disposal have been made, this is a valid bed and breakfast. They will need to keep separate share portfolios. For this to be effective the shares must be actually sold and acquired 'in the market', and not merely sold or gifted to the other spouse. If shares were simply transferred to the other spouse, no gain or loss would arise, and the transaction would be ineffective for tax purposes.
- There is nothing to prevent investors making adjustments to their portfolio, for example, selling shares and using the opportunity to acquire other shares, perhaps another blue chip stock in the same sector with a similar rating. This can achieve tax effects similar to a bed and breakfast transaction.

A bonus issue of shares is treated as having been acquired on the same day as the original holding. A takeover, where shares are exchanged for shares in the new company, is not a disposal and is not taxable. In other words, the new shares are regarded as 'standing in the shoes' of the old shares.

All individuals are entitled to an annual CGT exemption, which is £10,600 for the 2011/12 tax year (£10,100 in 2010/11). Ideally investors should aim to make net gains (gains less losses) at

All Rights Reserved

least equal to the annual exemption, as an unused exemption cannot be carried forward to future years. Investors should therefore calculate their gains and losses towards the end of the tax year and consider whether to make further disposals.

- If net gains are less than the annual exemption, or the investor has made an overall loss, it might be possible to sell further investments to bring gains up to the level of the annual exemption.
- If gains are higher than the annual exemption, the investor could dispose of investments standing at a loss in order to bring gains down below the level at which tax is payable.

In either case, the investments could be repurchased later if the investor wishes, although it might be necessary to wait 30 days to do so or the transactions may be caught by the bed and breakfasting rules.

For each tax year, an investor must calculate any losses incurred in that year together with any losses brought forward. Losses made in a tax year have to be set against gains made in the same year. Losses brought forward need only be set off against gains in excess of the annual exemption.

Example 11.1 – Capital losses

An investor has capital losses brought forward of £35,500. In August 2010 she sells shares resulting in a gain of £50,000, and in September 2010 she sells shares resulting in a capital loss of £10,000.

The investor’s net gain for 2010/11 is £40,000, so £29,900 of the brought forward losses is set against the £40,000 net gain for 2010/11, leaving £10,100 chargeable and covered by the annual exemption.

The remaining £5,600 (£35,500 – £29,900) of the losses is carried forward and available against gains in future tax years.

The calculation of a person’s CGT liability for 2010/11 was complicated because of the introduction of a new higher rate of CGT part of the way through the year.

- Gains made up to 22 June 2010 were taxed at a flat rate of 18%.
- The rate of CGT for gains made on or after 23 June 2010 were linked to a person’s taxable income. Gains are taxed at the rate of 18% if they fall within a person’s basic rate income tax band of £37,400, for the tax year 2010/11, and at a higher rate of 28% where they exceed this threshold.
- Capital losses are deducted on the most favourable basis, so they should initially be set against any gains subject to the higher rate of 28%. The annual exemption is deducted on the same basis.

Example 11.2 – CGT liability

Stephen is an investor with a taxable income of £27,400. During 2010/11 he made a gain of £22,000 on 13 April 2010, a gain of £46,000 on 23 August 2010, and a capital loss of £5,900 on 3 September 2010.

The gain of £22,000 was made before 22 June 2010 and is therefore taxed at 18%. The CGT liability is £3,960. The capital loss and the annual exemption are deducted from the gain of £46,000, leaving £30,000 (£46,000 – £5,900 – £10,100) to be taxed.

Stephen has £10,000 of his basic rate tax band remaining (£37,400 – £27,400 = £10,000), so £10,000 is taxed at 18% and the remainder at 28%. The CGT liability is £7,400 ((£10,000 at 18%) + (£20,000 at 28%)).

All Rights Reserved

The total CGT liability for 2010/11 is £11,360.

Spouses and civil partners each have their own £10,600 annual exemption and their tax is calculated separately. However, husbands and wives living together can transfer investments between one another free of CGT. Where investments are owned jointly, any gain is apportioned between the couple in the ratio of their respective interests in that asset at the time of disposal. This will be in equal shares unless otherwise specified. All the CGT rules that apply to married couples also apply to registered same sex partners.

Entrepreneurs' relief on certain business sales results in a reduced CGT rate of 10%. However, sales of shares only qualify if the shareholder is a director or an employee of the company, and also holds shares giving at least 5% of the voting rights. Therefore most shares held as investments will not qualify for entrepreneurs' relief.

Shares issued under the enterprise investment scheme (EIS) and shares in venture capital trusts may be exempt from CGT. These exemptions are looked at in more detail under the subject of the separate topic 'Income tax basics: types of tax and income'.

Where the value of a shareholding has become negligible or nil, it is possible to make a claim to establish a loss without actually disposing of the shares. The loss is treated as arising on the date the claim is received by HMRC, or any earlier time up to two years before the tax year in which the claim is made, provided the investor held the shares at the earlier time and their value was negligible at that time. HMRC periodically provides details of quoted company shares of which it has agreed that the value has become negligible.

Shares are ideal for CGT planning as it is possible to sell or transfer whatever number of shares is required in order to produce a desired result:

- An investor should dispose of shares in a tax year when they will only be taxed at the rate of 18%. Such planning will be particularly relevant to self-employed people with fluctuating taxable profits.
- For married couples or registered civil partners CGT of up to £3,500 (£35,000 at 10% (28% − 18%)) can be saved by putting shares into joint names prior to their disposal, if the gain would be taxed at the higher rate of 28% and the spouse has not used his or her basic rate income tax band. This will also allow the spouse's annual exemption to be used, and will also be beneficial where the spouse has unused capital losses. The gift must be genuine (i.e. the sale proceeds must not go straight back to the donor), otherwise HMRC might ignore the effect of the gift for CGT purposes.
- CGT can be saved by spreading disposals of shares over several tax years. Not only will this mean that more than one annual exemption is available, but also an investor may be able to avoid any gains being taxed at the higher rate of 28%.
- Delaying a disposal until the following tax year (i.e. just after 5 April, rather than just before) will result in the CGT liability being due one year later.
- Dispose of shares that will result in capital losses in the same year as (or an earlier year than) disposals resulting in gains. The capital losses can then be used against the gains. It is not possible to carry capital losses back to earlier years. However, if the capital losses will result in the annual exemption being wasted, it will probably be more beneficial to delay the disposal until the following tax year. If there are no gains in the following year, then the capital losses can be carried forward and used against future gains without wasting any annual exemptions.

All Rights Reserved

Pooled funds

Income tax treatment

Dividends paid by pooled funds such as unit trusts, investment trusts, open-ended investment companies (OEICs) and real estate investment trusts (REITs) are subject to tax in the same way as dividends from shares.

Interest payments from pooled funds are treated in the same way as other savings income from banks and building societies.

A payment from the tax-exempt element of a REIT is classed as property income, but is paid net of basic rate tax.

CGT treatment

For CGT purposes, pooled funds are generally treated in the same way as shares.

However, such funds have an advantage compared to a direct investment in shares as once the units (or shares in an investment trust or OEIC) are acquired, it is only when the units are sold that the investor will face a CGT charge. When the investment manager sells and acquires stocks in the fund underlying the units, there is no CGT. If the underlying stocks were held directly by the investor, a charge to CGT would arise on each sale. The use of pooled funds as against direct investment might increase the investment costs, and must be set against the potential tax saving.

Where an investor has a substantial sum of cash to invest in a portfolio of shares, another possible solution is to use a private unit trust. This is an approved unit trust, thus enjoying the CGT exemption, while being structured such that the only unit holders are, perhaps, an investor, their family members or a discrete group of investors. A private unit trust can therefore offer the benefit of active management, perhaps with a specialised investment philosophy, while avoiding CGT on individual disposals. Such trusts are not common, but they are offered by some fund managers. The minimum investment is typically measured in millions.

Property

Income tax treatment

Profits from letting property are calculated by using ordinary accounting principles.

- Income from all properties is added together, regardless of the type of lease and whether the property is furnished or unfurnished.
- As well as rents, property income includes:
    - A proportion of any premium received from a lessee for a lease of less than 50 years. The rest of the premium is liable to capital gains tax (CGT). The proportions liable to each tax depend on the length of the lease: the shorter the lease, the greater the proportion of any premium that is taxed as income.
    - Payments for the use of furniture in a let property and for providing services to tenants.
    - Other payments to occupy or use land or to use any rights over the land, including car parking.
- Expenses for all properties are added together and deducted from the total income. The expenses must be of a revenue, rather than a capital, nature. For example, the costs of altering or improving a property, or of bringing it into a fit state for letting, are not

All Rights Reserved

deductible, as these costs are capital expenditure. Examples of deductible expenses include:

  - ➢ Repairs and maintenance.
  - ➢ Rent, rates, council tax, insurance and the cost of any services.
  - ➢ Managing agents' fees and the costs of rent collection and advertising for tenants.
  - ➢ Reasonable costs of travelling to the property in order to look after it or manage the lettings. If the property is far from the landlord's home, the full cost of visiting the property is unlikely to be deductible.
  - ➢ Interest on a loan to buy the property or to fund expenditure on it.

- Profits must be calculated for a tax year (ending on 5 April). However, in practice accounts to 31 March are normally acceptable.

Although capital expenditure is not deductible, some allowances are available. The allowances are deducted in calculating the net amount of income that is taxable. If the property is furnished, a wear and tear allowance can be claimed to cover the cost of replacing furniture. The allowance is a standard 10% of the rent less any tenant's expenses that the landlord pays, such as council tax and water rates.

- Instead of a wear and tear allowance, the landlord can deduct the actual cost of renewing furniture and equipment, but not the initial cost of buying furniture and equipment that does not replace an existing item.
- If the letting is not residential, capital allowances are available for the cost of any equipment installed in the let property. For expenditure from 6 April 2011 up to £100,000 a year of expenditure on equipment is deductible in full against profits – the Annual Investment Allowance (AIA).
- An annual Writing Down Allowance (WDA) of 20% can be claimed on any balance of expenditure on equipment brought forward from previous years.
  - ➢ The rate is 10% instead of 20% if the equipment is an integral feature of the building, for example, electrical and water systems.
  - ➢ The balance brought forward is basically the original cost less the allowances previously given.
  - ➢ Balances brought forward of £1,000 or less can be deducted in full.
- In addition to the £100,000 AIA, expenditure on energy or water-saving equipment qualifies for a 100% First Year Allowance (FYA).
- Capital allowances, as above, are also available for equipment that the landlord uses in managing the lettings, whether they are residential or non-residential, for example, a computer on which accounts are maintained.

If an investor makes a loss on letting property, the loss is carried forward and set against property income in future years. It cannot be set against other income.

Income from short-term lettings is treated more advantageously if the lettings satisfy certain rules. The main condition is that the property should be available for letting for at least 140 days in the year and should actually be let for at least 70 of these days. Individual lettings must not be longer than 31 days for seven months of the year, including during the 70-day qualifying period.

All Rights Reserved

Legislation has been introduced in the Finance Bill 2011 to revise the tax rules for furnished holiday lettings (FHL) and to extend the regime to the European Economic Area (EEA).

- From April 2011 loss relief may be offset only against income from the same FHL business. UK losses can relieve UK FHL income only and similarly with the EEA losses.
- From April 2012, to qualify in a particular year, a property must be available to let for at least 210 days and actually let for 105 days. Businesses meeting the actually let threshold in one year may elect to be treated as having met it in the two following years ('period of grace'), providing certain criteria are met. Minor amendments will be made to the draft legislation to ensure that the period of grace provisions apply from 2010/11.

CGT treatment

A disposal of property is liable to CGT. Along with the purchase cost, when calculating the capital gain an investor can deduct any enhancement expenditure together with the incidental costs of purchase and sale. Incidental costs include legal fees, estate agents' fees and stamp duty land tax. Enhancement expenditure is that expenditure which enhances the value of the property, such as the cost of building an extension to a house. Expenses which can be claimed against income, e.g. repairs, are not allowed.

It is unlikely that investment property will qualify as an investor's principal private residence, but if it has qualified at some point in the past a proportion of any gain will be exempt. The last 36 months of ownership are also then exempt. For example, a property is sold after being owned for ten years. The property was the investor's principal private residence for the first three years of ownership. The first three years and the final three years are exempt, so only 4/10ths of the gain is taxable.

If a property has qualified as a furnished holiday letting then entrepreneurs' relief may be available so that any gain is taxed at the reduced CGT rate of 10%.

Life policies

Income tax treatment

Policyholders may be subject to income tax on policy profits. Although these are often called gains, they are not subject to CGT.

Qualifying policies are treated much more favourably because, broadly, only gains in the first ten years are taxable, whereas all gains under non-qualifying policies are taxable. The taxation of policy gains is quite complicated, but broadly tax is only payable if:

- A chargeable event occurs, such as death, maturity or surrender.
- A gain arises, and
- The gain, when added to the investor's other income for the tax year, is subject to higher or additional rate tax.

Gains are subject to higher or additional rate tax, minus the basic rate. This means a higher rate taxpayer will pay income tax of 20% (40% – 20%) and an additional rate taxpayer will pay 30% (50% – 20%). Top-slicing relief may reduce the amount of tax payable where the gain would otherwise straddle two tax rates, i.e. where the investor is a basic rate taxpayer, but the policy gain moves him or her into the higher tax rate.

All Rights Reserved

Example 11.3 – Top slicing

A five-year endowment policy is taken out on 1 July 2005 with a single premium of £10,000. The policy matures on 1 July 2010 with a maturity value of £15,000, so the gain is £5,000.

The top sliced gain is £1,000, being the gain of £5,000 divided by five – the number of full years of the policy.

If the investor has £2,000 of their basic rate tax band unused, then there will be no tax payable on the top-sliced gain of £1,000 as it is fully within the basic rate tax band.

Without top-slicing relief, income tax of £600 would have been due (£5,000 – £2,000 = £3,000 at 20% (40% – 20%)).

CGT treatment

The proceeds of life policies are generally exempt from CGT unless the policy has been assigned for consideration.

Alternative investment

Income tax treatment

There is a wide range of alternative investments such as fine wine, antiques, postage stamps, coins and vintage cars. Such investments generally produce no income, so there are no income tax implications. An exception would be if the investor was buying and selling to such an extent that they were treated as trading.

CGT treatment

Any gains will be calculated in the normal way, but there are several exemptions that may apply:

- Private motor cars, including classic cars.
- Tangible movable property with an expected life of 50 years or less, e.g. a yacht.
- Tangible movable property with an expected life of more than 50 years but where the disposal proceeds do not exceed £6,000. Where the disposal proceeds exceed £6,000, then the gain cannot exceed five-thirds of the excess. For example, if a ring costing £1,000 is sold for £7,800, the gain cannot exceed £3,000 (£7,800 – £6,000 = £1,800 × 5/3). Therefore, the gain for CGT purposes is £3,000, rather than the 'actual' gain of £6,800.

Tax planning key points

The constantly changing tax system makes long term tax planning very difficult. The tax year 2010/11 saw the introduction of new top rates of income tax and CGT, and 2011/12 will see changes to the rules for furnished holiday lettings and pensions. However, there are some key tax planning points that should continue to be relevant:

- Try and use any allowances that are available. Any unused income tax personal allowance and CGT annual exemption cannot be carried forward to future years.
- Spouses and civil partners have more scope for tax planning. They can share income and gains in order to make use of allowances, benefit from losses, and minimise tax rates.

All Rights Reserved

- Single people have less scope for tax planning, but they should try and receive income and dispose of investments in years when they will benefit from lower tax rates. This is obviously easier to achieve for CGT purposes than it is for income tax.

- Incurring income and gains at the start of a tax year will give the longest period of time before the related tax liability is due for payment. For example, starting a one-year building society deposit on 6 April 2011 would mean that interest will not be treated as received until 2012/13, so any higher or additional rate income tax liability will not be due until 31 January 2014 – the best part of two years after the receipt of the interest.

But remember that tax is not the most important factor when making investment decisions. For example, if an investor owns a top quality rental property in a sought after location with good sitting tenants, it would probably not make sense to dispose of it just to make use of allowances, losses or lower tax rates.

This guide is for general information only and is not intended to be advice to any specific person. You are recommended to seek competent professional advice before taking or refraining from taking action on the basis of the contents of this publication. The guide represents our understanding of the law and HM Revenue & Customs practice as at September 2011, which are subject to change.

All Rights Reserved