



Wanstall Consulting

Wills & Estate Planning

Tax efficient gifting at Christmas

For many of us, Christmas is, amongst many things, a time for giving. I thought it might be a good time to outline how some gifts can also be tax efficient as well as festive!

Inheritance Tax (IHT) is expected to affect more people over the next few years as the current tax-free amount (£325,000) is frozen until at least 2026. IHT-efficient gifting is one way of both providing for others – at Christmas or other times – and reducing your potential IHT liability in the future.

Some of the main IHT “free” gifts include:

- **Annual allowance**

Each tax year you can give away £3,000. NB this is a total of £3,000 and not £3,000 for each recipient. An unused allowance can be carried forwards by one tax year.

- **Giftsonmarriageorcivilpartnership**

You can give £5,000 to a child before they marry or enter into a civil partnership; £2,500 to a grandchild; and £1,000 to someone else. You can also give £1,000 to their partner.

- **Potentially Exempt Transfers.**

If you make a gift of any amount and survive it by (currently) seven years, the value of the gift should not form part of your estate for IHT. However, if you die within seven years, there could well be an IHT implication, depending on the value of the gift.

- **Gifts to charities**

Any gift to a registered charity is free of IHT.

If you are considering making gifts for IHT purposes I recommend that you take specialist professional advice first.

If you have any questions, or would like to discuss any of the above, or related matters, please contact me on iain@wanstallconsulting.co.uk or **01296 415700**. You can also find more on my website: www.wanstallconsulting.co.uk and advert *page 11*.

Have an enjoyable, healthy and happy Christmas and New Year!