Introduction

Tax can make a big difference to the return on savings and investments, and is an important aspect of financial planning generally. Ignoring tax can be like swimming against the current: investors will find progress is much slower and harder work if they do not have investments that take account of their own tax position.

Some investments are designed to be more tax-efficient than others, and they may enjoy specific tax exemptions. However, the tax efficiency of an investment depends on the individual investor's tax position: a tax-free return may not, for example, produce the highest net income for a non-taxpayer.

Special account needs to be taken of the inability of individuals to claim repayment of the 10% tax credits on UK dividend income. Equally, the rules limiting the 10% band to savings income only must also be considered, as their practical effect is to make the 10% band inaccessible to most taxpayers.

Planning today will also need to take account of two tax changes that took effect from 2010/11, namely the introduction of the 50% tax rate on taxable income over £150,000 and changes to the rate of capital gains tax (CGT).

This section outlines some tax planning strategies and the tax efficiency of different investments depending on whether the investor is a non-taxpayer, pays tax at the starting, basic, higher or the additional rate.

Factors influencing the choice of investments

Tax is one of the more important factors influencing the choice of investments, because no one likes to pay more tax than they have to. However, several other factors must also be considered:

- The most important factor is the investment requirements or objectives. That is, whether an investment should produce income or capital growth, or a combination of both.
  - The requirement could be for the maximum possible level of immediate income, or
  - There may be a need for income that maintains its real value in future years, or
  - Maximum capital growth may be wanted.
- The investor's attitude to risk is central to the choice of investments and the balance between different investments.
- Another factor is the amount of money that is available for investment, either as a lump sum or as a regular savings programme.
- The timescales over which the financial objectives are to be achieved need to be considered. For example, the investor may want to set aside some money for school fees in eight years' time, or the objectives may be longer term, for example, to save for retirement in 20 years. Timescales may not be certain, for example, in planning for early retirement.
- An investor's age can also have an impact on investment choice. It may not be possible for younger investors to hold some types of investment for which there are minimum age requirements. Other specific considerations may apply for the elderly but not for the young.
- The overall balance of the portfolio should include an amount invested in reasonably liquid form – for easy access without loss of capital value when cashed. In general, this will be any capital that may be needed within less than about five years.

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Diversification of a portfolio, and taking account of an investor's objectives, their risk and tax status, are all key elements to a successful investment strategy.

The focus in the following subsections concentrates on tax planning strategies and tax-efficient investments.

Tax planning strategies

There are four main aspects to tax planning for individual investors:

- Making the maximum use of available tax allowances.
- Choosing investments that give tax-free returns.
- Choosing investments that qualify for tax relief on the initial amounts invested.
- Choosing the investments most suitable for the investor's own tax position.

Maximising the use of tax allowances

This section looks at tax allowances and the impact that capital gains tax and income tax has on investment selection.

Income tax

Personal allowance

Everyone has a personal allowance of £7,475 for 2011/12.

Most investors will have enough income to use up their personal allowances, but a few will not.

If allowances are unused, it may be appropriate to choose investments that make use of them, rather than pay tax unnecessarily.

For married couples and civil partners, it is important to make use of both personal allowances. Husbands and wives have been taxed separately since 1990, but many couples do not appreciate the implications for their savings. If a wife or husband does not work, and does not use their personal allowance, it is worth considering the transfer of sufficient investments producing taxable income to the non-taxpaying spouse, so as to make use of the allowance.

Similarly, tax can be saved if one spouse is a higher rate taxpayer, and the other pays tax at just the starting or basic rate. However, it should be remembered that tax is not the sole consideration here: the couple must be comfortable with the redistribution of investments.

Example 12.1 – Saving as a couple

Jack earns income of £48,000 a year and his wife Jill currently has no income at all.

If they were to place a lump sum on deposit earning taxable interest of £1,000 a year, they would have three main choices.

- Jack could hold the investment in his own name. The income would all be taxed at 40%. The tax bill would be £400.
- Jack and Jill could hold the investment in joint names with half the income taxable as Jack's income. The rest would be tax-free because it would belong to Jill. The tax bill would be £200.
- If Jill held the entire investment, all the income would be tax-free. The tax bill would be nil.

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Following the various tax changes of recent years, particular care needs to be taken when rearranging investments to obtain greater tax efficiency for married couples or civil partners. For example, where one spouse is liable to tax at only the starting or basic rate, or where the investment income of one spouse takes them into higher rate tax, the most tax-efficient ownership of savings and investments will need careful thought.

Notice should also be taken of Government proposals to change the personal allowance over the lifetime of the present government. Although the personal allowance was frozen in 2010/11, it was increased to £7,475 on 6 April 2011. A commitment to increasing the personal allowance to £10,000 over the course of the Parliament has also been announced.

Restriction in personal allowance for incomes over £100,000

From 2010/11, the personal allowance has reduced where income is above £100,000. It reduces by £1 for every £2 of income above the £100,000 limit and applies irrespective of age.

For the 2011/2012 tax year, the personal allowance will be eliminated at an income level of £114,950 since the personal allowance is £7,475.

The removal of the personal allowance for earnings between £100,000 and £114,950 effectively provides for a marginal tax rate of 60% on that band of income. This clearly has tax planning implications for those affected individuals.

This means that individuals with incomes in the range of £100,000 up to say, £125,000 need to look especially carefully at any means that are available to reduce their income in this bracket. The planning for this will depend on each individual's circumstances, but areas that could be considered include:

- The pattern of remuneration and dividends for company owners.
- The timing of revenue expenditure for the self-employed.
- The timing of bonuses.
- The exercise of share options for employees and increasing level of pension contributions.

Age allowance

Those aged 65 and over receive a higher allowance known as age allowance. For 2011/12, this is £9,940 for people aged 65 to 74, and £10,090 for those aged 75 and over.

The personal allowance increases in the tax year when the age condition is met.

Age allowance is reduced, however, if income exceeds £24,000 in 2011/12. If an individual's income is over the limit, then the age related allowance is reduced by £1 for every £2 of income above the limit. In other words, it reduces by half until the basic personal allowance is reached.

Where income is in excess of the limit, careful consideration needs to be given to the selection of tax efficient investments or the movement of funds between husband and wife to mitigate the impact.

Example 12.2 – Taxing a couple's income

John has a pension of £21,100 and interest income of £10,000 and his wife, Janet has a pension of £6,500 and interest income of £5,000.

- John's income exceeds the age allowance limit by £7,100 (£31,100 – £24,000) and the age related allowance will be reduced by £1 for every £2 that it exceeds the limit.

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The age allowance therefore reduces from £10,090 to the basic personal allowance of £7,475.

- John's taxable income is £31,100 less the personal allowance of £7,475 which is £23,625 and his tax liability at 20% will be £4,725. Janet's total income is £11,500 and after deducting the age allowance of £10,090, she has taxable income of £1,410 on which tax at 20% amounts to £282.
- Their total net income is £37,593.
- Some of John's investments could be transferred to his wife sufficient to reduce his income below the age allowance limit to, say, £23,750.
- John's taxable income would be £23,750 less the full age allowance of £10,090, which is £13,660 and tax at 20% amounts to £2,732. Janet's income would rise by £7,350 to £18,850. She would still have the full age allowance which would reduce her taxable income to £8,760 on which tax at 20% would amount to £1,752.
- Their total net income rises to £38,116.

Until 2010/11, the age related allowance could not reduce below the basic personal allowance threshold. With the introduction of the restriction of the personal allowance for income over £100,000 this changes. So if someone is aged above 65 and has income in excess of £100,000, not only will the age related allowance reduce to the basic personal allowance, but the personal allowance will also be restricted as explained above.

Married couple's age allowance

The married couple's age allowance applies if either spouse was born before 6 April 1935. There is now no married couple's allowance for younger couples.

If you are married and living together and at least one spouse was born before 6 April 1935, the husband can claim the married couple's allowance. This allowance is given by reducing the husband's tax bill by 10% of the married couple's allowance.

If you married after 5 December 2005 or are in a civil partnership, and at least one spouse or partner was born before 6 April 1935, the person with the higher income can claim married couple's allowance.

The amount of the allowance for 2011/12 is £7,295 and relief is given by reducing your tax bill by a maximum of 10% of this amount, in other words £729.50.

As with the personal age allowance, there is a reduction if total income exceeds £24,000 in 2011/12. This operates in the following way:

- Age allowance is reduced if income exceeds £24,000 in 2011/12. If an individual's income is over the limit then the age related allowance is reduced by £1 for every £2 of income above the limit.
- HM Revenue & Customs (HMRC) deduct half of income above the limit from the age allowance until the basic personal allowance is reached.
- They then take any excess that is left from the married couple's allowance.
- So, for example, if a man aged 75 has a taxable income of £31,000 then the excess over the age allowance limit is £7,000 and his allowances will be reduced by half of this excess, i.e. £3,500. HMRC will firstly take £2,615 from the age allowance to reduce it to the basic personal allowance. The remaining excess of £885 will be taken from the married couples allowance to reduce it to £6,410.

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The minimum allowance is £2,800 in 2011/12.

As with age allowance, where income is in excess of the limit, careful consideration needs to be given to the selection of tax efficient investments or the movement of funds between husband and wife to mitigate the impact.

Child tax credit

The child tax credit was introduced in 2003/04, as a replacement for the children's tax credit. Unlike its predecessor, child tax credit is paid to the main carer of the child.

The basic payment – regardless of the number of children – is £545 a year, but this doubles to £1,090 if any child is under the age of one. Entitlement to the child tax credit is based on a couple's joint gross income and is tapered away at the rate of 6.67% of income over £50,000. For some large families and those with high childcare costs, tapering starts at a higher income level.

If the normal £50,000 threshold applies, all credit disappears at £58,175 of joint income where the child is aged one or more, and joint income of £66,350 where the child is under one. Reducing gross income can therefore also mean increasing the amount of child tax credit, a double tax saving.

Spending on tax credits has increased from £18 billion in 2003 to £30 billion now and so has unsurprisingly been targeted by the Government as part of the cuts in its spending. From April 2011, families with a household income of more than £40,000 have their eligibility for child tax credits reduced and other benefits will be reduced or cut.

Minor children

Minor children have their own personal allowances. However, any income from investments (including cash individual savings accounts (ISAs)) funded or given to them by a parent is normally taxed as the parent's income, unless the income does not exceed £100 a year. For this purpose, each parent is treated separately. Income generated within a Child Trust Fund (CTF) from parental gifts is ignored (see the separate topic 'Tax-efficient investments').

Capital gains tax

The June 2010 Budget brought in changes to the rate at which CGT is payable. The rate at which tax is payable on gains is now either 18% or 28%. The CGT exemption for 2011/12 is £10,600.

Gains are added to taxable income and provided the total does not exceed the upper limit of the basic rate band, gains are taxed at 18%. Any gains in excess of the basic rate band are taxed at 28%. Where the gains straddle the basic rate band, the amount up to the basic rate limit is taxable at 18% and the excess at 28%.

These changes are effective from 23 June 2010. Any gains that arose prior to that date will continue to be liable to CGT at 18% and will not be taken into account in determining the rate (or rates) at which gains of individuals arising on or after 23 June 2010 should be charged.

The changes to CGT rates mean that careful planning is even more essential to avoid an unpleasant shock if there is a tax bill when an asset is sold.

- Individuals should maximize their use of stocks and shares ISAs to shelter gains from CGT.
- Couples with investments on which there could be substantial capital gains in the future should consider the advantages of joint ownership: both partners can then use their annual CGT exemption.
- If a large gain is due to arise close to the end of the tax year, 5 April, try to arrange for part of the gain to arise before the end of the tax year and part to arise in the new tax year. In this way, two years' annual exemptions can be used.

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- Where a large gain is due to arise, consideration should also be given to transferring assets between couples to minimise any liability at 28% by maximising any available basic rate band.
- It used to be possible to sell and repurchase holdings in a share portfolio one day and buy them back the next day ('bed and breakfasting') to give an increased base cost for future disposals. To counter this potential tax advantage, there is now a 30-day limit before the repurchase can be made. Therefore there could be a disadvantage if markets moved to any great extent during this period.

Non-taxpayers and starting rate taxpayers

Non-taxpayers should ensure that their capital is invested to produce income that will maximise the use of their tax allowances.

Similarly, starting rate taxpayers should make full use of their 10% rate tax band, which is £2,560 for 2011/12. This band only applies to savings income.

Minimising tax will often mean investing in deposit-based investments where the income is paid gross (that is, without deduction of tax at source), or in investments where savings income is paid net but the tax is recoverable.

For most deposit savings accounts, non-taxpayers can arrange to have the interest credited gross and avoid having to make a repayment claim to their local Inspector of Taxes.

Since 6 April 1999, the tax credit attaching to UK dividends has not been repayable. Non-taxpayers with share portfolios should review their investments if they wish to avoid this tax charge.

Taxation of savings and dividend income

In 2011/12 the tax charge on savings income is at the rate of 20%. There is now no distinction between basic rate and savings rate tax.

For most interest-paying investments, such as bank and building society deposits and purchased life annuities, 20% income tax is deducted at source. This tax deduction is still repayable to non-taxpayers and 10% taxpayers can reclaim half of the tax deducted.

The tax credit on chargeable gains from UK life assurance investments is 20%. This means that higher rate taxpayers receive a credit at 20% and pay an additional 20% on chargeable gains liable to higher rate tax. The 20% tax credit is non-refundable to non-taxpayers.

Dividend income is taxable at 10%. As long as there is no liability to higher rate tax, dividend income – whether from UK or overseas companies – is generally treated as fully taxed. A rate of tax of 32.5% applies for dividend income received by higher rate taxpayers against which can be offset the 10% tax credit, leaving an additional liability of 22.5% of the gross amount. Taxpayers liable at the additional rate of 50% pay tax on dividends at 42.5% and again the 10% tax credit can be offset against this liability.

Savings income is treated as the top slice of income (but below dividends), which means that it will only fall within the starting rate band if there are no earnings or property income within the band. Such other income would attract basic rate tax, as the 10% rate only applies to savings income, as the example below demonstrates.

Example 12.3 – Taxing pension income

Joan is aged 68 and has pension income totalling £12,000 a year. She also receives £800 net interest (£1,000 gross) from building society deposits. Her personal age allowance in 2011/12 is £9,940.

Her 2011/12 tax bill is calculated as follows:

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Band of income £	Tax rate %	Tax £
0 – 9,940	N/A	0
9,940 – 12,000	20	412
12,000 – 12,500	10	50
12,500 – 13,000	20	100
Total		**562**

- Her pension income, which is taxed as earnings, exceeds her personal allowance and so cuts into the starting rate band, where it is taxed at basic rate.
- Only once all her pension income is taxed is her interest brought into the calculation. However, as her pension income is £2,060 above her personal allowance, only £500 (£2,560 – £2,060) of interest is taxed at 10%.
- The balance of interest is taxed at 20%.

Choosing investments that give tax-free returns

Some investments give returns that are free of tax and these can be very attractive, especially to higher rate taxpayers.

However, tax-free investments are not necessarily right for everyone.

- Freedom from tax is of relatively little interest to someone who does not pay tax, especially if there is a price to be paid for the tax freedom in the form of restrictions on access to the funds, additional charges or a lower return.
- Some investments appear more tax-free than they really are. An endowment policy, for example, is free of personal tax on maturity. However, the underlying funds of the insurance company are taxed at up to 20%. Nonetheless, even taking this into account, some policies may produce overall returns that are higher than a direct investment elsewhere.

The main tax-free investment is the ISA. There are also various tax-free National Savings products (see below, 'Tax-efficient investments').

Choosing investments qualifying for tax relief

Some investments qualify for tax relief on the initial amounts invested.

- The best known and most widely used are the various tax approved pension schemes. A pension contribution should be regarded as an attractive investment possibility for almost any taxpayer, even if they have no earnings.
- The changes introduced from 6 April 2006 have considerably increased the scope for tax-relieved pension contributions for most employees and the self-employed. Broadly speaking, the maximum tax-relievable personal contribution is now 100% of earnings subject to an annual allowance which was reduced from £255,000 to £50,000 from 6 April

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2011. Government plans to change the rules on tax relief need to be carefully monitored however. See separate topic, the separate topic ‘Pensions tax rules’.

The number of investments that allow tax relief on entry has been reduced in recent years. There are still some limited opportunities, for example, Venture Capital Trusts (VCTs), but these need specialist advice because of the higher risk involved. For more details, see separate topic, the separate topic ‘Enterprise Investment Scheme and Venture Capital Trusts’.

Tax-efficient investments

Pensions

Most people will wish to maintain their desired standard of living in retirement. The state pension is effectively reducing as a proportion of average earnings and, even if a member of an occupational scheme, most people will wish to make some further provision and save for a more comfortable retirement.

- Employees and self-employed people can make pension contributions into one of the various HMRC registered schemes. The tax benefits generally make pensions one of the most tax-efficient investments available.
- Pensions have the following main tax advantages:
  - Contributions qualify for tax relief at an individual’s highest rate(s) of tax. Therefore higher rate taxpayers pay only 60% of the initial sum invested, because 40% will be received as tax relief. Non-taxpayers and starting rate taxpayers who make personal pension plan contributions usually benefit from the 20% relief even though they do not pay this rate of tax.
  - The pension company pays no tax on investment income or capital gains, but tax credits on UK dividend income are no longer repayable.
  - Up to 25% of the pension can normally be taken as a tax-free lump sum.
- There is a wide range of registered pension schemes available. Contribution limits are now generally identical, regardless of the type of scheme. Several factors should be taken into account when the choice of scheme is made, for example, either topping up an employer’s scheme through an in-house additional voluntary contribution (AVC) scheme or a stakeholder pension.
- Some occupational schemes are linked to the final salary earned, others are not.
- For personal pensions, anyone eligible — including non-earners and children — can make a gross contribution of £3,600 a tax year and obtain tax relief of at least basic rate. Those wishing to make higher contributions can do so, generally based on a maximum of 100% eligible earnings but subject to an annual allowance which was reduced from £255,000 to £50,000 on 6 April 2011. One potential drawback of registered schemes is that the funds are not normally available until age 55. Occupational scheme rules may require the employee to retire before drawing any benefits. It can therefore be a useful strategy to augment registered pension arrangements with some other tax-efficient investments, which can be used if necessary before pension benefits are drawn.

In summary, a pension investment makes sense for those whose pension provision is inadequate, or whose main objectives are for long-term growth and additional retirement income.

If they are higher rate taxpayers now and are likely to pay tax at a lower rate in retirement, there is an added incentive to make pension contributions, although there are now provisions limiting higher rate relief for high earners (see Topic 14, the separate topic ‘Pensions tax rules’).

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Individual savings accounts (ISAs)

ISAs were introduced as a replacement for Personal Equity Plans (PEPs) and Tax Exempt Special Savings Accounts (TESSAs).

The main rules are now as follows:

- The account can include two components: cash, and stocks and shares.
- All individuals who are both resident and ordinarily resident in the UK for tax purposes and are aged 18 or over are able to open an account. Children aged 16 and 17 are also eligible to invest in the cash component of an ISA. From 1 November 2011 children can hold a junior ISA – see the separate topic 'Year end tax planning 2011/12'.
- For 2011/12, savers are able to subscribe up to £10,680, of which no more than £5,340 can be in the cash component.
- From the 6 April 2012, the ISA limit will increase in line with the Consumer Price Index (CPI).
- Spouses and civil partners have separate limits.
- Shares received from an approved profit sharing scheme, savings related share option scheme or all employee share incentive plan (SIP) may be transferred into the stocks and shares component at market value. The transfers count towards the annual subscription, with no CGT liability.
- There will generally be no liability to either income tax or CGT, but the 10% tax credit attaching to dividend income is no longer repaid to the fund.

Personal equity plans (PEPs)

PEPs were replaced from 6 April 1999 by ISAs, and all existing plans have now been converted into stocks and shares ISAs with identical tax benefits.

National Savings & Investments

There are a variety of National Savings investments available: some are taxable, some are not (see the separate topic 'Taxation of investment'). Rates for most National Savings products are usually relatively uncompetitive, but they are 100% secure investments.

National Savings certificates

National Savings fixed rate certificates (NSCs) allow a lump sum investment to be made and held for a fixed term of two or five years, with tax-free interest being added. Index-linked NSCs are available for terms of three and five years, offering an alternative to fixed rate returns by taking account of inflation in exchange for a lower guaranteed interest rate.

The interest accrued depends on how long the investment is held, with interest rates progressing over the term. This means a lower return if NSCs are cashed in before maturity. Ideally, certificates should be held for their full term.

The possible disadvantages of NSCs are that:

- They do not give an income. All the returns are rolled up and are only available, tax-free, at maturity.
- The rates of return, even if NSCs are held to maturity, may be less than those obtainable from other deposit accounts or similar investments. This is especially likely if the investor is a basic rate taxpayer.

Again, because the return is tax-free, NSCs are mainly attractive for higher rate taxpayers whose equivalent rate to be earned in a taxable investment can be calculated by dividing by 0.6. Thus if the NSC interest rate is 0.9%, the gross rate to be earned elsewhere would need to be 1.5%.

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Other National Savings products

Like other deposit-based investments, taxable National Savings accounts or bonds may be suitable for non-taxpayers or starting rate taxpayers. Some taxable National Savings products pay interest gross.

Insurance products and annuities

There are several different products available from life assurance companies. These include annuities, investment bonds, endowment policies, and various types of guaranteed and high income bonds. Because of the wide variety of products, it is best to contact a specialist adviser who can recommend an appropriate product to meet an investor's objectives and to suit their particular tax circumstances.

- Annuities are sometimes bought with the lump sum taken from a pension scheme or when an investor wants a regular amount of pre-tax income or a secure escalating income.
  - ➢ The income paid by an annuity includes a part return of the capital, so only the interest element of each instalment (normally payable monthly, half-yearly or yearly) is taxable.
  - ➢ This is more tax-efficient than simply investing in a deposit account, but it does mean that the capital has been used up in return for a guaranteed form of income for life (or a specified period, depending on the type of annuity bought).
- Life assurance-based products may be tax-efficient for some investors.

  However, they are less effective than they were when specific tax reliefs were available on the premiums.
  - ➢ Tax is payable on the income and capital gains within the insurance funds. However, the tax on income can still be considerably less than if a higher rate taxpayer had invested directly. The tax on gains will generally be higher because individual liability is now at a rate of either 18% or 28% after a £10,600 annual exemption.
  - ➢ The proceeds of some insurance policies, such as endowments, are free of personal tax at maturity, resulting in a substantial tax-free capital sum.
- Various investment bonds have been popular investments.
  - ➢ Up to 5% per policy year can normally be taken on a tax-deferred basis, although this can only be drawn up to the value of the original investment. In addition, gains are only chargeable to higher rate tax. The taxpayer receives credit for basic rate tax at 20% even if the life company has paid a lower rate.
  - ➢ Some bonds offer a high, sometimes guaranteed, income, but care needs to be taken where this means a potential erosion of the underlying capital.

For a greater explanation of investment through life assurance, see the separate topic 'Taxation of investment'.

Child trust fund (CTF)

The CTF was launched on 6 April 2005 and applied to all children born after 31 August 2002. Children received £250 at birth and those from low income families received £500. Top-ups by the Government were received when the child was aged seven.

From 1 August 2010 these initial payments were reduced to £50 and £100 respectively and no further top-ups were paid. As from 1 January 2011 all payments by the Government in connection with child trust funds has been stopped.

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CTF accounts that are already in existence will continue to operate as they do currently

Their key features are:

- Additional payments by parents and others of up to £1,200 in total may be made each year (based on the child's birth date).
- The CTF is free of UK income and CGT, but tax credits on UK dividends are not repayable.
- All CTFs mature when the child reaches 18, at which age the funds may be withdrawn or rolled over into an ISA. There are no restrictions on how the funds may be used if the reinvestment option is not chosen.
- There is a set of stakeholder standards for CTFs, which include a maximum annual charge of 1.5% (and no other charges) and a minimum additional payment of £10. Stakeholder CTFs must have a 'lifestyling' investment pattern, designed to reduce volatility as age 18 approaches.
- All CTF providers must offer a stakeholder product alongside their other CTF products, although the stakeholder product can be from an external provider.

On 26 October 2010 the Government announced that it would introduce a new tax-advantaged account for saving for children, to be known as a junior ISA. Junior ISAs will be launched on 1 November 2011 and the overall contribution limit will be set at £3,600. Children will be able to have one cash and one stocks and shares junior ISA at a time. Funds in junior ISAs will be locked in until the child is 18 when the accounts automatically become adult ISAs. Those who already have a CTF will not be eligible to pay into junior ISAs, but the Government will increase the CTF contribution limit from £1,200 to £3,600 in line with junior ISAs.

Tax planning key points

- An investor should be cautious of excessive claims about the tax efficiency of particular investments.
- What is tax-efficient for the higher rate taxpayer may not be such a good idea for others, or vice versa.
- It is important to determine the investment objectives and then select appropriate products, making sure that the nature of the investment, as well as the tax implications, is clearly understood.

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.

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