

## **INTRODUCTION**

This is a new measure introduced in the Finance Act 2014.

A transferable allowance is available for married couples and civil partners where neither spouse or civil partner is liable to tax at the higher or additional rate.

### **When does it start?**

It starts from the tax year 2015/16

### **How much can be transferred?**

A spouse or civil partner (a transferor) who meets qualifying conditions will be able to elect to transfer a fixed amount of £1,060 of their personal allowances to their spouse or civil partner (the transferee).

This is equivalent to 10% of the full Basic Personal Allowance for that tax year of £10,600.

### **How is it calculated?**

Where the transferee makes a claim to the transferred allowances their income tax liability is reduced by an amount calculated in accordance with the new section 55B FA2014.

In simple terms

- The transferors liability is calculated based on the reduced personal allowances
- The Transferees liability is calculated based on the increased personal allowances

### **What is the maximum tax saving.**

For 2015/156 the tax saving is up to £212 (£1,060 x 20%)

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### Can the election/Claim be withdrawn

Individuals will be able to withdraw their election or claim with effect from the tax year following the year in which they notify HM Revenue & Customs. However, both the transferor and the transferee have the option to withdraw their election or claim with effect from the tax year that their marriage or civil partnership comes to a legal end.

### What if one partner is a higher (or additional) rate taxpayer

In this case no election or claim can be made.

### When is it not beneficial to claim

If you or your spouse or civil partner were born before 6<sup>th</sup> April 1935 it could be more beneficial to claim the “married couples Allowance” instead for 2015/16

### Making a claim

You can register your interest in making such an election or claim via the HMRC website

<https://www.gov.uk/marriage-allowance>

**HMRC should then email you to tell you when you can claim.**

To find out how Handley Evans & Co can help you make sense of the tax system contact us

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