

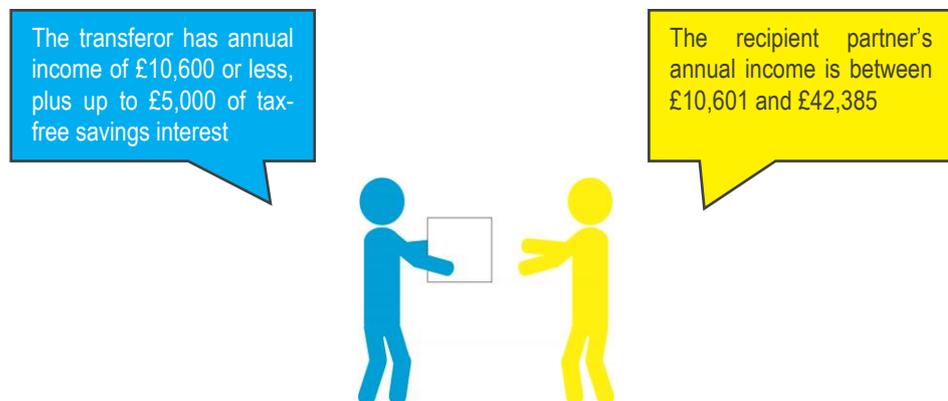
The Marriage Allowance

The new Marriage Allowance will let you transfer some of your Personal Allowance to your spouse or civil partner. This is the amount of income people can get before paying tax.

If one of you has income of £10,600 or less in the 2015/16 tax year, you may be able to reduce your partner's tax by up to £212. The 2015/16 tax year starts on 6th April 2015 and ends on 5th April 2016 the following year.

Eligibility

The Marriage Allowance is most advantageous if throughout the 2015/16 tax year:



And throughout the 2015/16 tax year, you must both be:

- ✓ Not higher or additional rate taxpayers,
- ✓ UK resident and domiciled,
- ✓ Married or in a civil partnership with one another; and
- ✓ Born on or after 6th April 1935.

Directors with low salaries

If one of you is:

- a director; and
- in receipt of a salary that is less than the personal allowance (£10,600 2015/16)

you may be eligible to use the Marriage Allowance to transfer some of your personal allowance to your spouse or civil partner. Both of you would also still need to meet the conditions listed above in the bullet points under Eligibility.

If you are in receipt of dividends, the Marriage Allowance may be used to optimize your tax position.

Please speak to us if you'd like to discuss this further.

How to apply

If you and your partner are eligible for Marriage Allowance, you can register your interest online.

HM Revenue and Customs (HMRC) will send you an email explaining what to do next.

If your application is successful, HMRC will backdate any changes in your tax to 6th April 2015.

How your partner gets their extra Personal Allowance

The partner transferring their personal allowance must apply for the Marriage Allowance. HMRC will give the other partner their allowance automatically either:

- by changing their tax code, usually to 1166M - this can take up to 2 months
- when they send their Self Assessment tax return, if they're self-employed

HMRC will also change your tax code if you're an employee or getting a pension. Your new code will reflect your new Personal Allowance and will end with 'N'.

The partner making the transfer will have their Personal Allowance reduced and they'll have to pay tax on any annual income above £9,540.

If your circumstances change

You or your partner can contact HMRC to cancel the Marriage Allowance if for example:

- the recipient of the allowance, becomes a higher rate taxpayer and is no longer eligible
- you divorce or
- your partner dies

The date the allowance ends will depend on who notifies HMRC; the partner transferring their personal allowance or the recipient.

How we can help

If you'd like to advice regarding your eligibility or any help claiming the Marriage Allowance, contact your us for more information.