

Diverting Income for School Fees

You have decided to go for a private education for your kids. If you are a higher rate tax payer and your company makes a profit of £100K then you will end up getting £60K in hand after taxes. You will be paying school fees out of this £60K and this means you end up with £40K in hand. This can be very tough.

There is a way you can save higher rate tax on school fees of £20K every year for the education of your kids. You save this tax not one year but every year. This means you can save £5K every year.

To save the tax you can give the shares to your parents or brother/sisters carrying different rights. Your parents can gift the shares to the trust, which will receive dividends from the company to the extent of covering the school fees and expenses.

Tip: Contact your accountant to find out more

