



WE CAN HELP COMPANY TAX STRATEGIES

We are all interested in trying to minimise the amount of business tax we pay, and the current cost-of-living challenges have underlined the benefits of this strategy.

Company director/shareholders

If you are a shareholder as well as a director, there is a lot of scope in choosing how profits should be withdrawn. This starts with deciding the mix of salary and dividends. This is not simply a tax exercise, as we have to consider the validity of dividends under company law, the possible effects on the company's credit rating and your future intentions to secure personal mortgage lending.

Keep us informed

Please give us warning if you are considering a significant lifestyle change that would impact the amount and combination of withdrawals from your business.

Dividend planning

Dividend planning is a moving feast and has more implications than reducing salary and replacing this with higher dividends. Higher dividends and lower salaries may reduce National Insurance costs both employers and employees' contributions. If you make PAYE payments to HMRC for your employees every month, you may notice that the NIC payment is virtually the same or more than the tax element. It is worth managing this salary/dividend split for owner directors.

We should also consider the corporation tax rates before and after dividends, whether there is an impact on death-in-service benefits, pensions or other potential salary related insurance products.

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If shareholders do not qualify for dividends, it may be possible to realign the share structure to accommodate dividend tax planning opportunities. This is a relatively simple exercise and creates a great deal of flexibility for future planning strategies.

Let's round up

We also need to consider longer term financial planning aspects to make sure that your individual personal financial planning needs are met, and that your business is left in a resilient position and able to justify a good valuation when you come to sell it.

The manner in which you are paid by your company has a number of implications which impact the company's and your personal tax position. It also impacts your ability to maintain or enhance remuneration levels and fulfil your own personal objectives over the medium to long term.

It is important that you understand the basics and inform us well in advance of any proposed change. Please do call us on **01753 888 211** or email **info@nhllp.com** to discuss this more.