

PROFIT EXTRACTION AND REMUNERATION PLANNING PRE YEAR END PLANNING

ARE YOU TAKING PROFITS FROM YOUR BUSINESS IN THE RIGHT WAY?

For many owner-managed businesses, attention is naturally focused on how much profit the company makes. Far less time is spent reviewing how that profit is actually taken out of the business.

In practice, the way profits are extracted, through salary, dividends, pension contributions or a combination of these, can make a significant difference to personal income, tax exposure and business cash-flow. Yet many directors rely on arrangements that were put in place years ago and have never been revisited.

As profits grow, tax thresholds change and personal circumstances evolve, what once felt sensible can quietly become inefficient. In some cases, directors find themselves paying higher effective tax rates than expected. In others, dividends place unnecessary strain on business cash, or pension allowances are underused simply because no one has stepped back to review the bigger picture.

A pre year-end profit extraction and remuneration review is designed to address this. Rather than focusing on tax calculations after the year has ended, it looks ahead, while there is still time to make informed decisions before 5 April.

The review considers personal income needs alongside the financial health of the business. It explores whether current arrangements still make sense, highlights any marginal tax rate issues, and identifies opportunities to balance income, tax and longer-term planning more effectively.

This is not about complex tax planning. It is about clarity, control and avoiding unintended consequences.

A short review in February can often prevent rushed decisions in March and help ensure that both you and your business are better positioned for the year ahead.

WE CAN HELP

If you would like to review how profits are being taken from your company before the tax year ends, now is the right time to start the conversation.

For further information, please call us on 01753 888 211 or email info@nhllp.com, we are here to help.