

## Remuneration planning

Whether you're just starting out in business, thinking about selling, or looking to reinvest your sale proceeds, there are plenty of tax issues for you to consider.

Whatever stage you're at, we at Foot Anstey want to help you find the most tax-efficient route.

We've put together this very brief guide for business owners. If you'd like to find out more about any of the issues covered, do give us a call and we'll be happy to help.

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### WARNING

**The information contained in this guide is for generic use only and cannot be relied upon for any specific transaction. We recommend that specialist professional advice is taken from a member of our tax team before entering (or refraining from entering) into any specific transaction or structure.**

As a business it is your choice on how you pay yourself. What follows is a summary of the more popular tax efficient remuneration strategies.

### **Salary**

- The company will receive a corporation tax deduction for the cost of your salary
- You will pay income tax and primary class 1 national insurance contributions (NICs) on any salary received
- The company pays secondary class 1 NICs on payments of salary.

### **Dividends**

- Dividends may only be paid out of profits which have been subject to corporation tax
- You will be liable to income tax on dividends you receive.

### **Pension contributions**

- Subject to certain limits the company should be able to claim a corporation tax deduction on pension contributions paid
- Payment of pension contributions by the company offers NICs savings.

### **Company loans**

- Saves income tax and NICs
- Improves cash flow for the company.

### **Taking profits as capital gains**

- Improves cash flow for the company
- Avoids primary and secondary NIC liabilities
- The rate of capital gains tax is lower than the rate of income tax.