

# Avoiding the 50% tax rate

**Tim Keeley**





**critchleys**  
CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS



# Avoiding the 50% Tax Rate

- £100k - £112.5k approx – 60%
- £150k and above – 50%

But:-

Capital Gains Rate is still 18% with Entrepreneurs Relief at 10%

And:-

Corporation Tax Rates are currently 21% - 28%



**critchleys**  
CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS



# Action Plan - 1

## Bringing Income Forward

- Pay Bonuses, Dividends etc before 6 April 2010
- Change accounting date for self employed businesses
- Realise gains on income tax producing investments (e.g. Life Bonds) before end of tax year



**critchleys**  
CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS



# Action Plan – 2

## Pension Contributions

- If income already above £150,000, increase contributions before 06.04.2010
- Otherwise
  - From 6 April 2010, pay contributions to avoid 60% trap
  - Salary sacrifice – to reduce NI Contributions



**critchleys**  
CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS



# Action Plan – 3

## Post 6 April 2010 income

- Change Structure Now
  - Incorporate - or
  - Add Company to existing Partnership
- Pay dividends instead of salary (Companies)
- Use Spouse's Tax position
- Divert income to basic rate and non tax payers



**critchleys**  
CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS



# Action Plan – 4

## Other Strategies

- Gear up borrowing if acquiring additional property
- Consider property LLP
  - Income taxed at company rates 22-28%
  - Capital Gains at 18%
- Contribution to EFRBS (unapproved pension scheme)

OR

- Emigrate (the Nuclear Option?)



# Saving your money...

[www.critchleys.co.uk](http://www.critchleys.co.uk)

