M&G wealth

Les Cameron's Big Fat Quiz of the Year

The tables turn

The information that follows is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice.

This is just for UK advisers – it's not for use with clients

Important Information

This content is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice. The impact of any taxation (and any tax reliefs) depends on individual circumstances.

Where content includes case studies or examples these are for illustration purposes and are not recommending a specific course of action.

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and your client may get back less than they've paid in.

M&G plc is a company incorporated and with its principal place of business in England, and its affiliated companies constitute a leading savings and investments business.
M&G plc is the direct parent company of The Prudential Assurance Company Limited. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom

Learning Objective

By the end of this session, you will be able to:

Describe the key elements of tax planning in 2023

A technical year in numbers

> 120

Press articles, comments and social media posts

> 280

Seminars

3 – 1800 attendees

>23,000 total

> 600

Joint adviser calls

> 680

Members of M&G Wealth Technical Group on LinkedIn

> 80,000

Downloads of our tax and planning tools

Question 1

(the practice one)

Why did Santa get into trouble with HMRC?

A	B	C	D
Breaking the speed limit on his sleigh	Claimed a new Santa suit as a business expense	Failing to auto enrol his elves	He was late with his elf assessment

Why did Santa get into trouble with HMRC?

A	B	C	D
Breaking the speed limit on his sleigh	Claimed a new Santa suit as a business expense	Failing to auto enrol his elves	He was late with his elf assessment

NOT HMRC	ALLOWED	NOT HMRC	NAUGHTY NOT NICE

Why did Santa get into trouble with HMRC?

A	B	C	D
Breaking the speed limit on his sleigh	Claimed a new Santa suit as a business expense	Failing to auto enrol his elves	He was late with his elf assessment

Question 1

(the real one)

Trust Registration Service

When might an insurance bond provider need to see a copy of a Registerable Trusts TRS Proof of Registration Document?

A

When first placing business with the provider.

B

When notifying them a trustee has died.

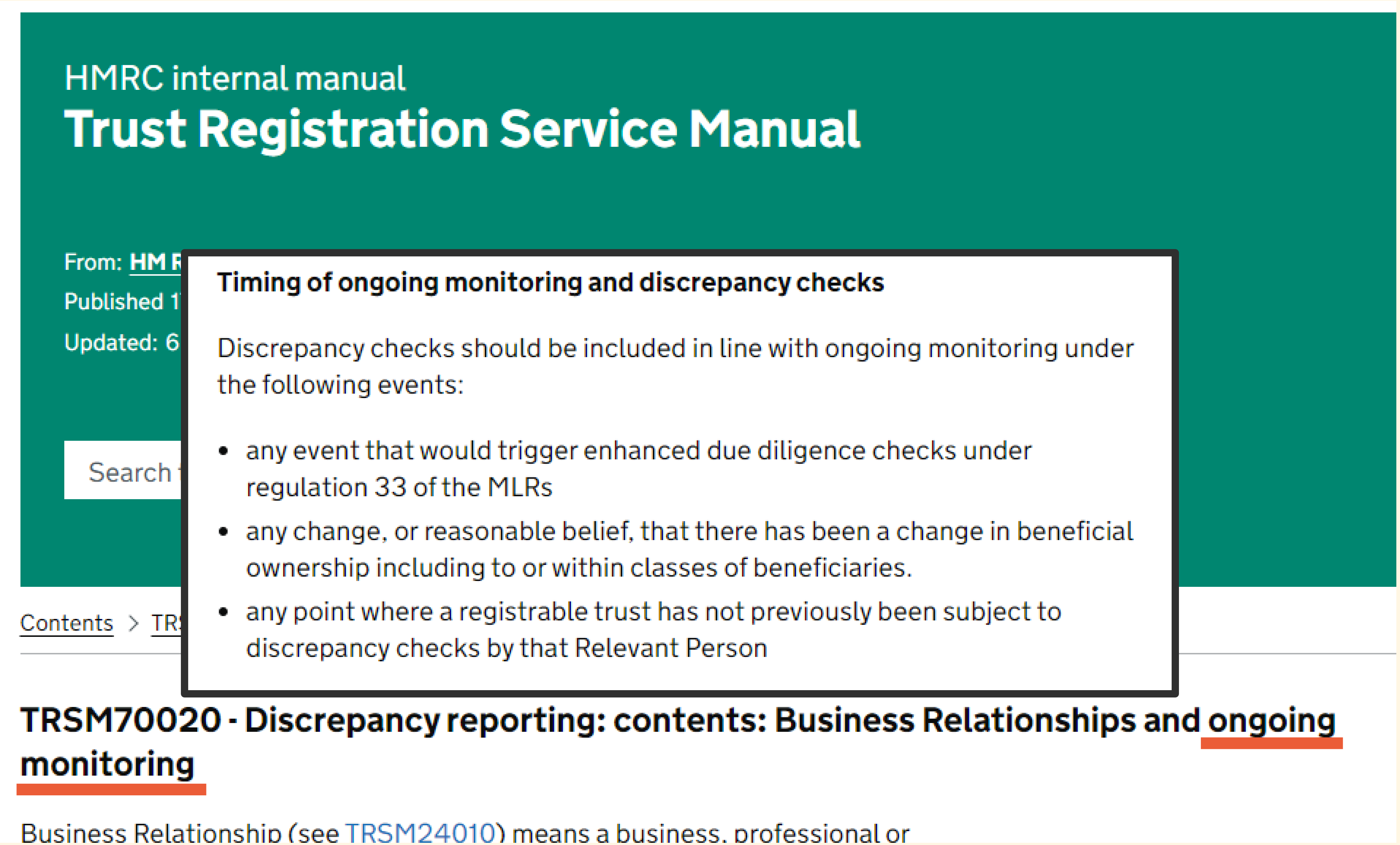
C

When requesting a part withdrawal.

D

All of the above.

TRS Expansion April 2023



HMRC internal manual

Trust Registration Service Manual

From: HM R

Published 1

Updated: 6

Search f

Contents > TRS

Timing of ongoing monitoring and discrepancy checks

Discrepancy checks should be included in line with ongoing monitoring under the following events:

- any event that would trigger enhanced due diligence checks under regulation 33 of the MLRs
- any change, or reasonable belief, that there has been a change in beneficial ownership including to or within classes of beneficiaries.
- any point where a registrable trust has not previously been subject to discrepancy checks by that Relevant Person

TRSM70020 - Discrepancy reporting: contents: Business Relationships and ongoing monitoring

Business Relationship (see TRSM24010) means a business, professional or

When might an insurance bond provider need to see a copy of a Registerable Trusts TRS Proof of Registration Document?

A

When first placing business with the provider.

B

When notifying them a trustee has died.

C

When requesting a part withdrawal.

D

All of the above.

Question 2

Insurance Company Trusts

Rachel, Caroline and Georgia are all widows with fully transferred NRBs and RNRBs.

They all live in houses beside each other that are valued at £400,000 that they will leave to their children.

Their estates are worth £1.8m and they each spend about £10,000 of their capital over and above their pension.

They all put £300,000 into a trust.

Rachel uses a **Probate Trust**
Caroline uses a **Loan Trust**
Georgia uses a **Discounted Gift Trust**

They each withdraw £10,000 a year from the trusts and spend it.

Whose family inherits the most if they die in 20 years?

A	B
Georgia	Caroline

C	D
Rachel	It'll be the same

Trusts IHT effectiveness

Trust	Capital	Growth
	What’s Inside Estate	
Probate	Yes	Yes
Loan	Outstanding Loan	No
Discounted Gift Trust	Unspent settlor payments	No

IHT Positions
Whole trust in Rachel’s estate
100k of Loan in Caroline’s estate
Nothing in Georgia’s estate

Rachel, Caroline and Georgia are all widows with fully transferred NRBs and RNRBs.

They all live in houses beside each other that are valued at £400,000 that they will leave to their children.

Their estates are worth £1.8m and they each spend about £10,000 of their capital over and above their pension.

Rachel uses a **Probate Trust**
Caroline uses a **Loan Trust**
Georgia uses a **Discounted Gift Trust**

They each withdraw £10,000 a year from the trusts and spend it.

Whose family inherits the most if they die in 20 years?

A	B
Georgia	Caroline

C	D
Rachel	It'll be the same

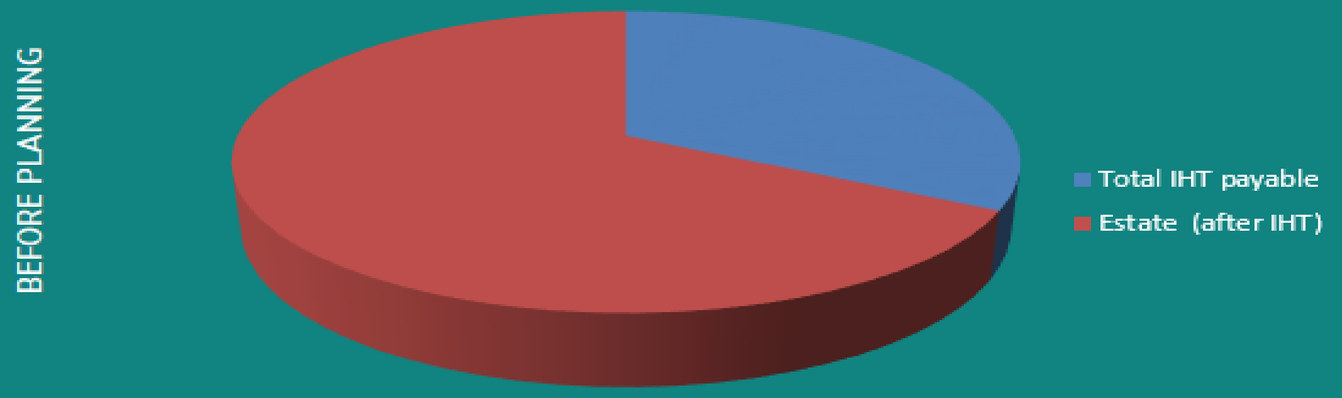
Results (single)

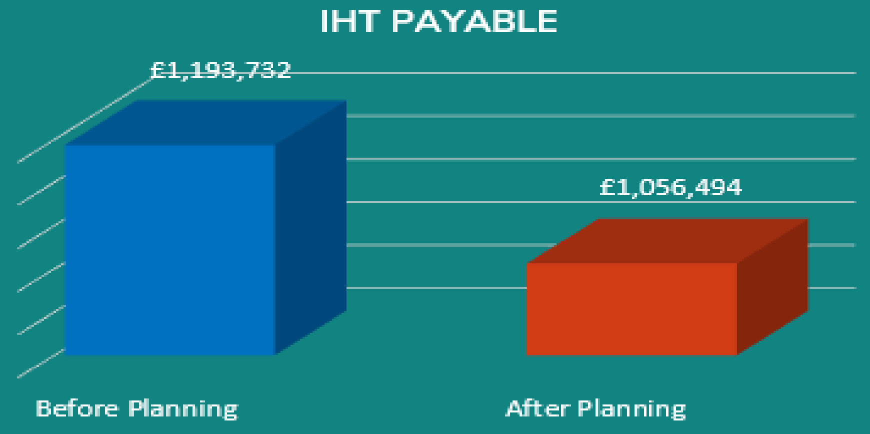
	Years to Death	Age at death
Georgia	20	90

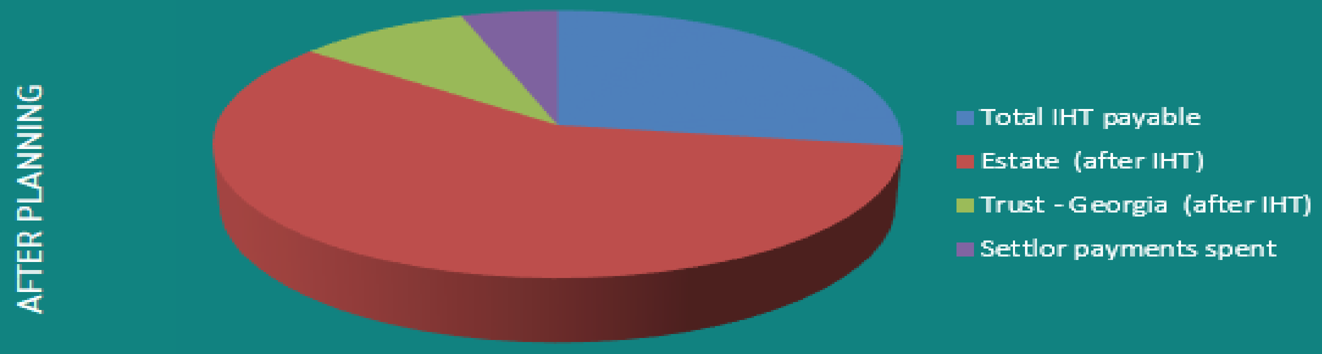
Input here for results

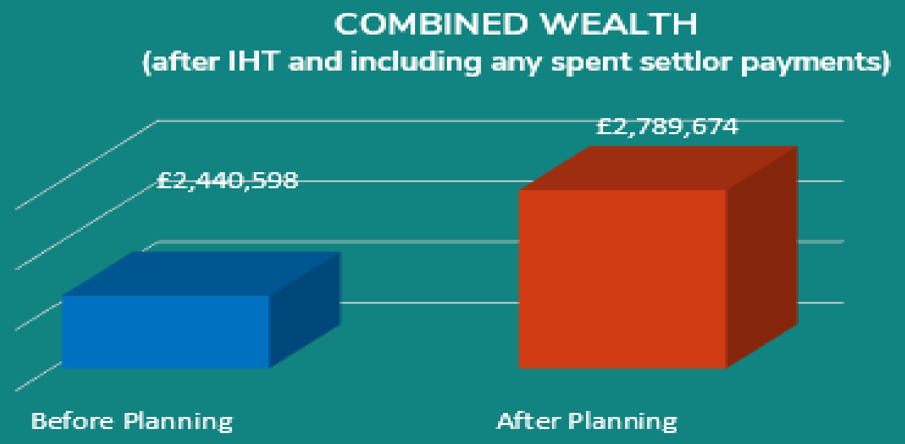
	Before Planning	After Planning	Change
Estate IHT	£1,193,732	£1,054,674	-£139,058
Trust IHT	N/A	£1,821	£1,821
Total IHT payable	£1,193,732	£1,056,494	-£137,237
Estate (after IHT)	£2,440,598	£2,232,011	-£208,587
Trust - Georgia (after IHT)	N/A	£357,663	£357,663
Settlor payments spent	£0	£200,000	£200,000
Combined Wealth*	£2,440,598	£2,789,674	£349,076

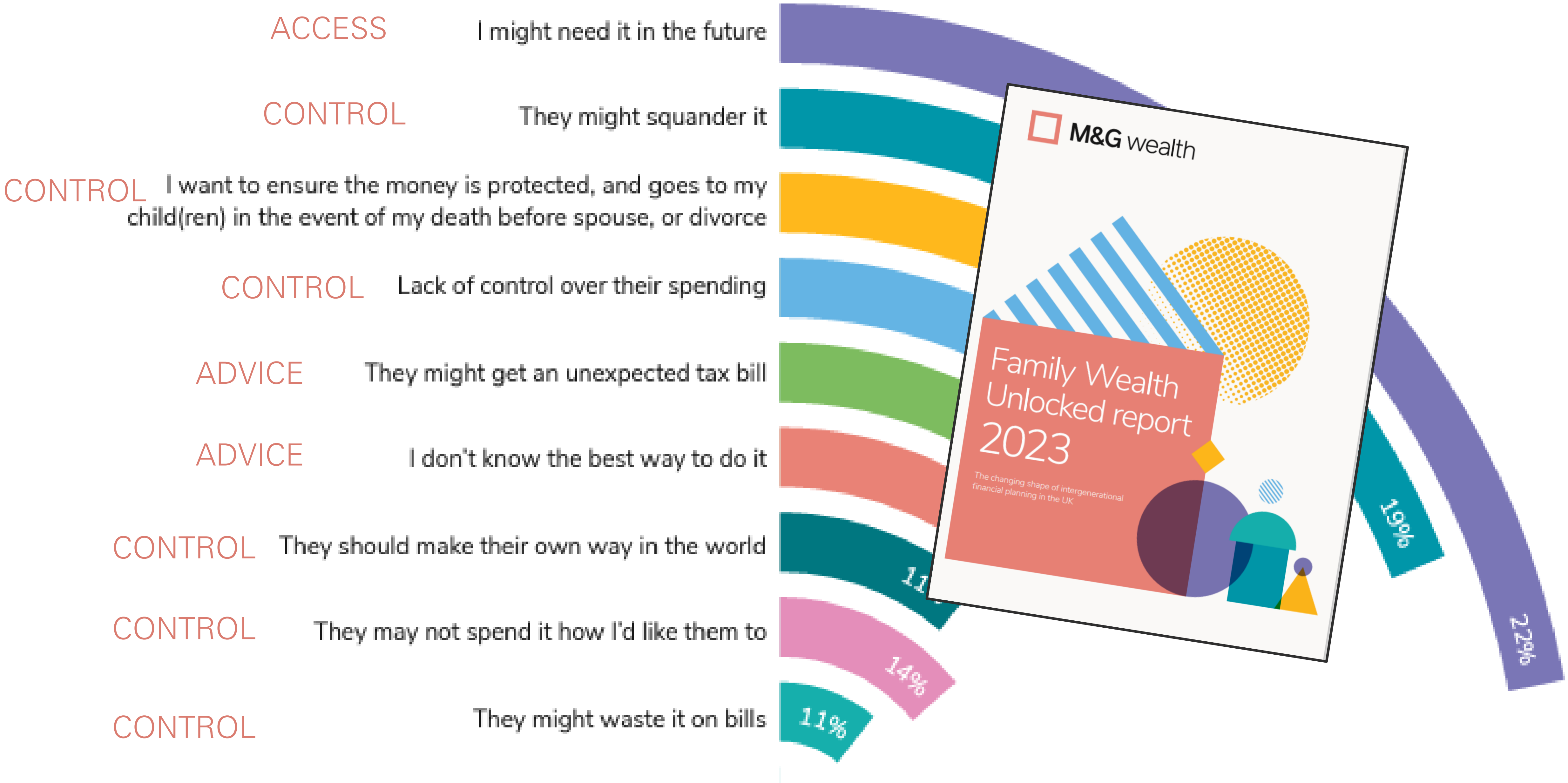
*after IHT and including settlor payments spent











Source: M&G Wealth 2023 Family Wealth Unlocked Report

Question 3

Personal Pension Tax Relief

Tom, Bob, Roy and Jeff all have non savings non dividend income of £45,000.

In addition:

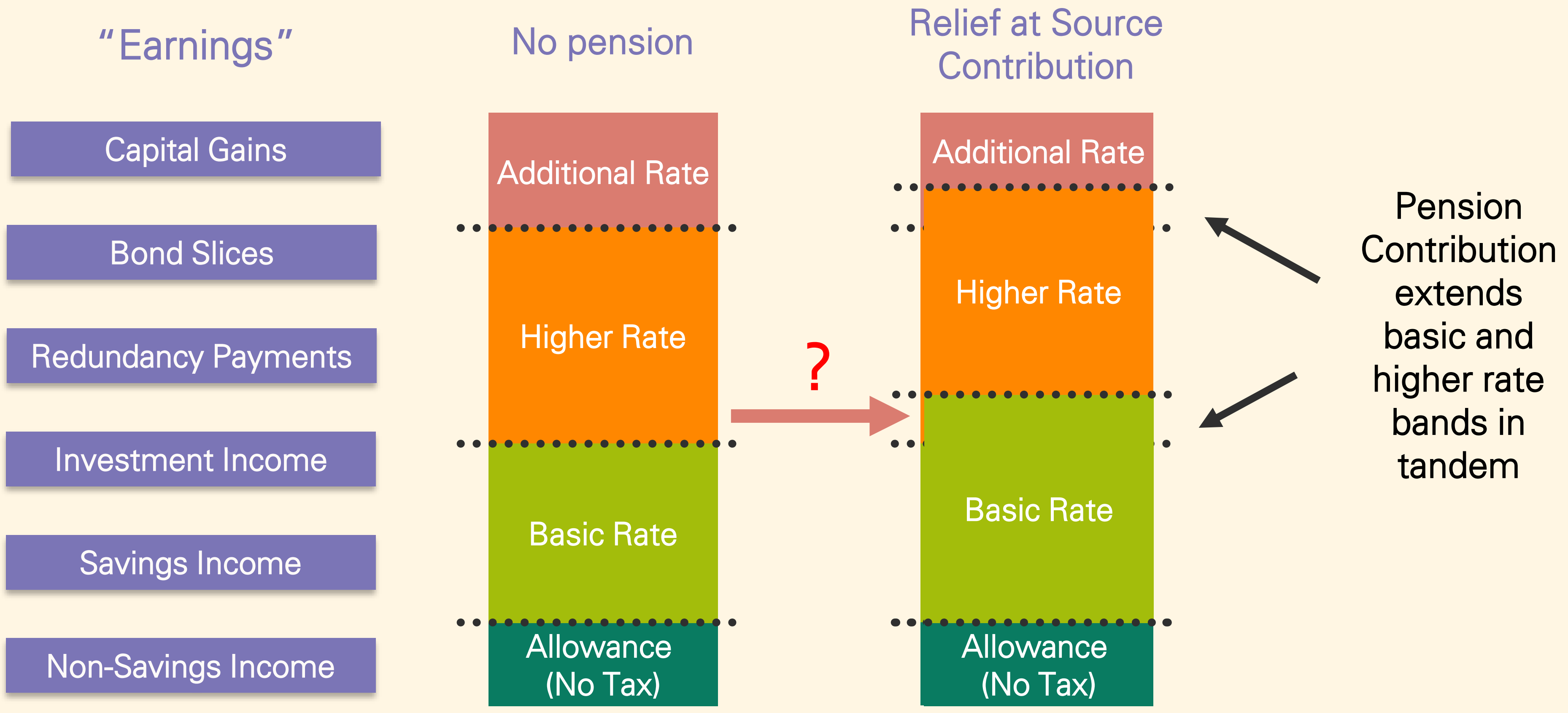
- Tom has a £30,000 onshore bond gain accrued over 10 years
- Bob a £30,000 bonus
- Roy £30,000 dividends
- Jeff has a £30,000 capital gain

They each put £5,000 gross into their personal pension.

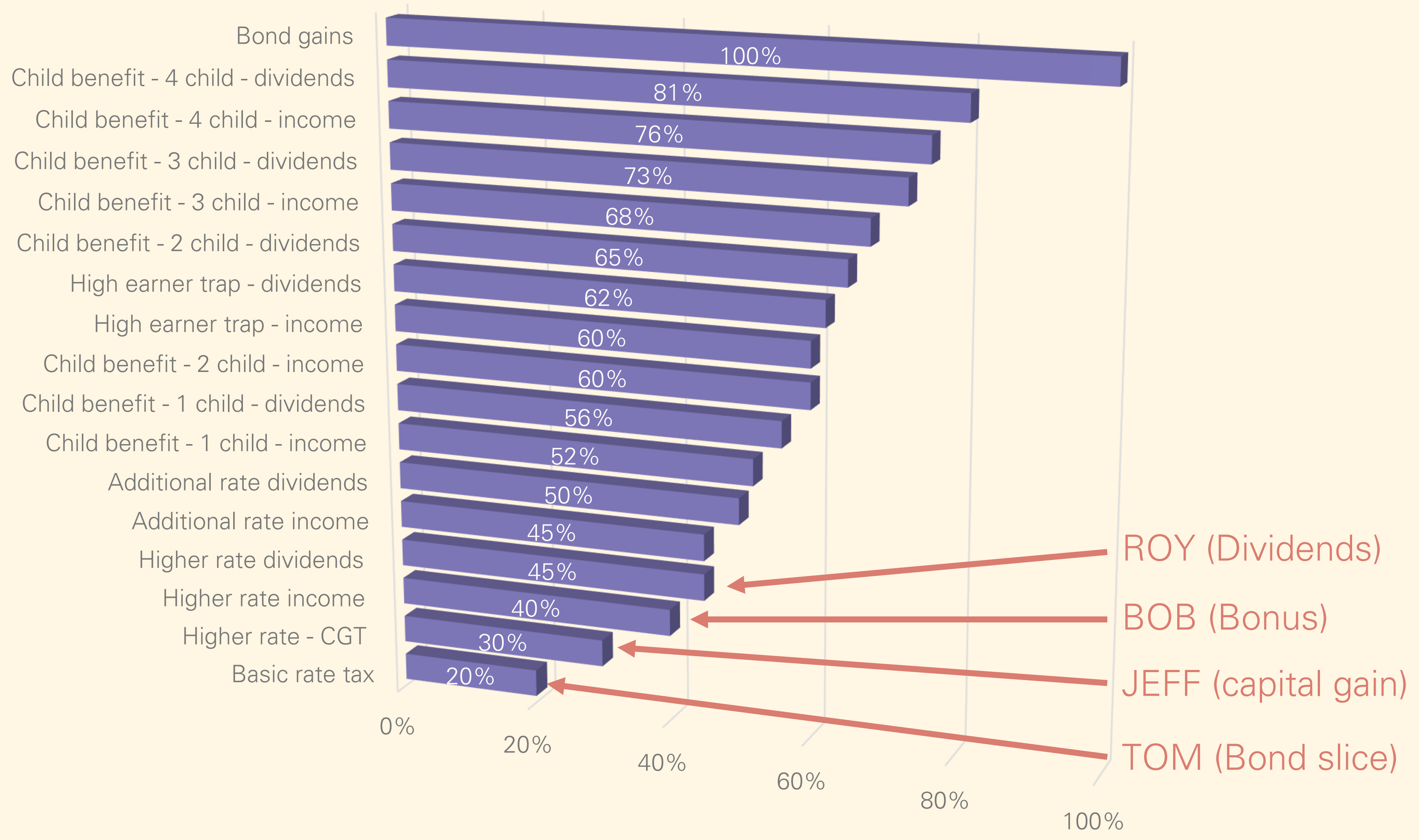
Who gets the highest rate of tax relief?

A	B	C	D
Tom	Bob	Roy	Jeff

How personal pension tax relief works



Tax Relief – Effective rates



Tom, Bob, Roy and Jeff all have non savings non dividend income of £45,000.

In addition:

- Tom has a £30,000 onshore bond gain accrued over 10 years
- Bob a £30,000 bonus
- Roy £30,000 dividends
- Jeff has a £30,000 capital gain

They each put £5,000 gross into their personal pension.

Who gets the highest rate of tax relief?

A	B	C	D
Tom	Bob	Roy	Jeff

Tax Relief Modeller Tool
built by M&G

Tax Year 2023/24

ABOUT YOUR CLIENT

What is the client's age?	Under 75
Scottish Tax Payer?	No
Number of Children	
Gift Aid (Gross amt)	

CHARGEABLE EVENTS - BOND GAINS

Onshore Gain 1		Years Gain 1 (N)		Slice 1	
Onshore Gain 2		Years Gain 2 (N)		Slice 2	
Onshore Gain 3		Years Gain 3 (N)		Slice 3	
Onshore Gain 4		Years Gain 4 (N)		Slice 4	
Offshore Gain 1		Years Gain 1 (N)		Slice 1	
Offshore Gain 2		Years Gain 2 (N)		Slice 2	
Offshore Gain 3		Years Gain 3 (N)		Slice 3	
Offshore Gain 4		Years Gain 4 (N)		Slice 4	

INCOME SOURCES

Employment Income	45,000	Gross Savings Interest	
Benefits in Kind		Dividends	30,000
Taxable Self Employed Profits		Taxable Capital Gains (10%/20%)	
UFPLS (taxable element)		Taxable Capital Gains (18%/28%)	
Drawdown / Annuity Income		Taxable Redundancy Payment	
State Pension Income		Rental Income - Relevant	
Purchased Life Annuity Income		Rental Income - Not relevant	

EXISTING PENSION CONTRIBUTIONS

Relief at Source (Net Amount)	
Contributions paid gross	

NEW PENSION CONTRIBUTIONS

Relief at Source (Net Amount)	4,000
Contributions paid gross	

RESET

BEFORE NEW CONTRIBUTIONS		AFTER NEW CONTRIBUTIONS		DIFFERENCE
"Total Income"	£75,000	**"Total Income"**	£75,000	£0
Adjusted Net Income	£75,000	Adjusted Net Income	£70,000	-£5,000
Personal Allowance	£12,570	Personal Allowance	£12,570	£0
Personal Savings Allowance	£0	Personal Savings Allowance	£0	£0
Child Benefit Charge	£0	Child Benefit Charge	£0	£0
Capital Gains Tax	£0	Capital Gains Tax	£0	£0
Tax Liability	£15,206	**Tax Liability**	£13,956	-£1,250
Bond Gains Summary		Bond Gains Summary		
Tax on gains	£0	Tax on gains	£0	£0
Onshore Tax Credit	£0	Onshore Tax Credit	£0	£0
Top slicing relief	£0	Top slicing relief	£0	£0
Liability	£0	Liability	£0	£0
"Bank Balance"	£59,794	**"Bank Balance"**	£57,044	-£2,750

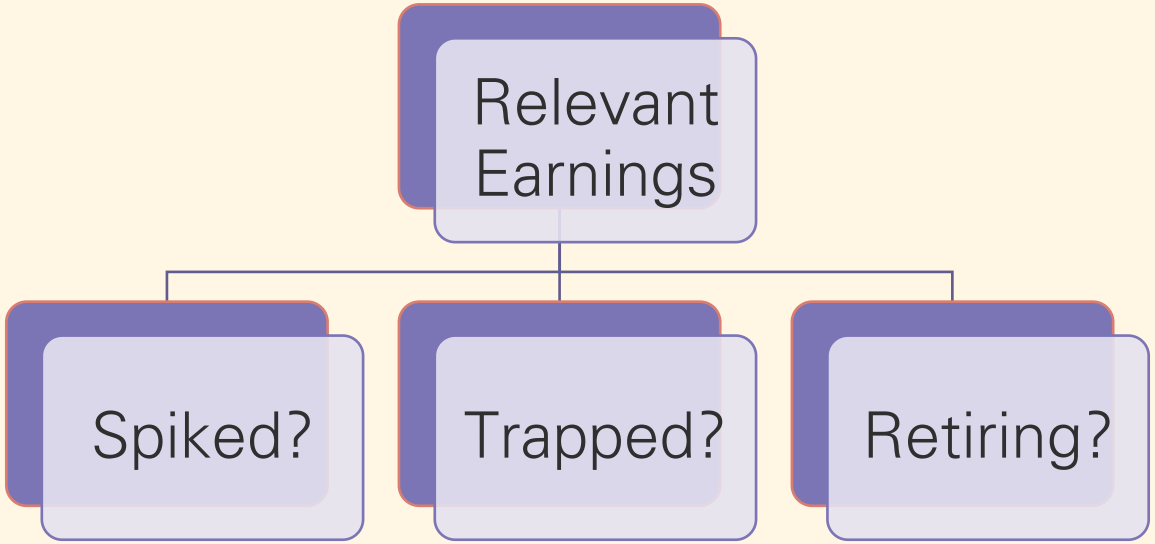
PENSION SUMMARY

Relevant Earnings	£45,000
Contributions: Existing	£0
New	£5,000
Total	£5,000

Effective Rate of Tax Relief (on new contributions): 45.00%

Please navigate between workings and inputs using the tabs at the bottom of the sheet.

Relevant Planning



Question 4

Taxation of bonds in Trust

(it's a bit of a stinker)

Liam left all his residual estate to:

"such of my grandchildren who survive me and reach age 18 absolutely"

He died when he had 3 grandchildren, Ben age 4, Georgia aged 6 and Rachel aged 8.

The resulting will trustees bought an insurance bond with the cash from the estate.

Five years have passed and the children's parents needed some money for the children.

The trustees cashed in some of the bond with a £9,000 gain.

Who is liable for the bond gain?

A
Liam's estate for £9,000

B
Trustees for £9,000

C
Grandchildren £3,000 each

D
No-one

Taxation of bonds held under trust

BARE

OTHER

HMRC internal manual

Trusts, Settlements and Estates Manual

Example 1 - bare trust

Mrs A left the residue of her estate to such of her grandchildren as were alive at the date of her death.

She directed that the funds should not be paid to the grandchildren until they respectively attain age 21 years.

Example 3 - not a bare trust

Mr B left the residue of his estate to ‘such of my grandchildren as survive me and attain age 21 years’. If any grandchild dies before age 21, his/her prospective share goes to the other grandchildren who do attain that age.

DOES MORE THAN 1 CONDITION HAVE TO BE MET BEFORE BENEFICIARIES HAVE A VESTED INTEREST?

TSEM1563

Non bare trust - Who is liable?

In tax year of chargeable event was Settlor alive and UK Resident?

YES → Settlor Liable

Top Slicing Available

NO ↓

Are Trustees UK Resident?

YES → Trust Liable

NO Top Slicing

NO ↓

UK Resident beneficiary?

YES → Beneficiary Liable

NO Top Slicing

Liam left all his residual estate to:

"such of my grandchildren who survive me and reach age 18 absolutely"

He died when he had 3 grandchildren, Ben age 4, Georgia aged 6 and Rachel aged 8.

The trustees bought an insurance bond with the cash from the estate.

Five years have passed and the children's parents needed some money for the children.

The trustees cashed in some of the bond with a £9,000 gain.

Who is liable for the bond gain?

A	B
Liam's estate for £9,000	Trustees for £9,000

C	D
Grandchildren £3,000 each	No-one

SIFA Trustinvest

Question 5

LTA & Death Benefits

John, Paul and George all die in September 2024.

They were all under 75.

Their death benefits were all valued at £2m and are set up within 2 years of them dying.

They had no LTA protections.

John went into drawdown in August 2018 and his beneficiary chose a lump sum.

Paul went into drawdown in May 2024 and his beneficiary chose a lump sum.

George went into drawdown in March 2006 and his beneficiary chose drawdown.

Whose beneficiary has the highest tax bill?

A	B
It'll be the same	John and Paul equally

C	D
George	Paul

Key concepts

AGE 75

2 YEAR WINDOW

Death Benefits

Lump Sums

TESTED

Beneficiary Drawdown

NOT TESTED

Beneficiary Annuity

NOT TESTED

Income Death Benefits

Pre 75 <2yrs

Tax Free

Post 75, or
pre 75 > 2yrs
Taxed

Taxed

Benefits in
Payment at
April 2024

No Change

LSDBA – what uses it

Lump Sums

Pension commencement lump sum
Serious ill-health lump sum
Uncrystallised funds pension lump sum (non taxable)
Standalone Lump Sum (100%)

Lump Sum Death Benefits

Defined benefits
Uncrystallised funds
Pension protection
Annuity protection
Drawdown/flexi-access drawdown pension fund

Reduced by

Transitional Amount
Pre commencement Pension

Excluded Amounts

Charity lump sum death benefit
Trivial commutation lump sum death benefit
Small Pots
Lump sums from pre April 24 crystallised rights

John, Paul and George all die in September 2024.

They were all under 75.

Their death benefits were all valued at £2m and are set up within 2 years of them dying.

They had no LTA protections.

John went into drawdown in August 2018 and his beneficiary chose a lump sum.

Paul went into drawdown in May 2024 and his beneficiary chose a lump sum.

George went into drawdown in March 2006 and his beneficiary chose drawdown.

Whose beneficiary has the highest tax bill?

A
It'll be the same

B
John and Paul equally

C
George

D
Paul

Question 6

LTA abolition and PCLS

Sandi & Joan each have an uncrystallised SIPP worth £600,000. They have no protection. They have used £1m of the LTA in January 2023.

Sandi put £1m in drawdown taking her full PCLS.
Joan took a £50,000 scheme pension with no PCLS.

What best describes their PCLS situation after April 2024?

A	B	C	D
Joan's will be higher	Sandi's will be higher	It will be the same	Joan's may be higher

PCLS from 6 April 2024

Lower of

Applicable Amount

Available Lump Sum Allowance

Available Lump Sum & Death Benefit Allowance

LSA – default transitional rule

Lump Sum Allowance

Less

25% of "previous LTA used"

If 100% LTA used then LSA is £0

Sandi and Joan have used up 93.18% of their lifetime allowance

Previously used amount £1,000.000 x 25% = £250,000

So their LSA is £268,275 - £250,000 = **£18,275**

Transitional Certificate

Before 1st RBCE
3 months deadline

LTA transition example

Prior Benefits (using £1m of LTA)	Applicable Amount	LSA	LSDBA	Maximum
£1m in drawdown with £250k tax-free cash.	£600,000 x 25% £150,000	£268,275 - £250,000 £18,275	£1,073,100 - £250,000 £823,100	£18,275
£50,000 pa scheme pension with no tax-free cash.				
£50,000 pa scheme pension with no tax-free cash. (certificate received)		£268,275 - £0 £268,275	£1,073,100 - £0 £1,073,100	£150,000

Sandi & Joan each have an uncrystallised SIPP worth £600,000. They have no protection. They have used £1m of the LTA in January 2023.

Sandi put £1m in drawdown taking her full PCLS.
Joan took a £50,000 scheme pension with no PCLS.

What best describes their PCLS situation after April 2024?

A	B	C	D
Joan's will be higher	Sandi's will be higher	It will be the same	Joan's may be higher

Question 7

Impact of Autumn Statement 2022

Roy Tom and Geoff all earn £60,000 a year.

They all invest £100,000 in a portfolio.

It generates

Gains of £1,000 (1%)
Interest of £2,000 (2%)
Dividends of £3,000 (3%)

Roy invests directly
Tom invests through an onshore bond
Geoff invests through an offshore bond

Who is rolling up most tax efficiently?

A	B
Roy (direct)	Tom (onshore)

C	D
Geoff (offshore)	Tom and Roy Equally

Roll up tax

	Direct	Onshore	Offshore
Gain £1,000			
Tax	£0 (£1,000 - £6,000 @ 20%)	£200 (£1,000 @ 20%)	£0

Who is rolling up most tax efficiently?

Roy Tom and Geoff all earn £60,000 a year.

They all invest £100,000 in a portfolio.

It generates

Gains of £1,000 (1%)
Interest of £2,000 (2%)
Dividends of £3,000 (3%)

Roy invests directly
Tom invests through an onshore bond
Geoff invests through an offshore bond

A	B
Roy (direct)	Tom (onshore)

C	D
Geoff (offshore)	Tom and Roy Equally

Tax Wrapper Comparison Tool

built by M&G

Tax Year 2023/24

Invested Amount	£100,000.00
Year of encashment (5 to 10 only)	10
Use annual exempt amount?	Yes

Reset

Investment Yields		
Savings income	2.00%	Onshore Bond
Dividend Return	3.00%	Internal Tax Rate
Capital Gain	1.00%	10.00%
Additional Cost for Bond Wrapper	0.50%	

	Existing income	Increase assumption per annum
Non Savings Non Dividend	£60,000	0.00%
Savings	£0	0.00%
Dividend	£0	0.00%

	Expected Income year of encashment
Non Savings Non Dividend	£60,000
Savings	£0
Dividend	£0

HIGHER RATE ON ENCASHMENT

Encashment Values

	Collectives	Onshore	Offshore
Surrender Value	£155,425	£160,930	£170,329
Gain (Cumulative)	£1,488	£60,930	£70,329
Slice	N/A	£6,093	£7,033
Tax payable	£0	£14,372	£31,160
Net return	£155,425	£146,558	£139,170

BASIC RATE ON ENCASHMENT

Encashment Values

	Collectives	Onshore	Offshore
Surrender Value	£157,011	£160,930	£170,329
Gain (Cumulative)	£1,488	£60,930	£70,329
Slice	N/A	£6,093	£7,033
Tax payable	£0	£0	£14,066
Net return	£157,011	£160,930	£156,263

Tax	N/A	£2,501	£0

Key Assumptions

Cells with red tags contain further information

The tool runs in tax years from 6 April to 5 April inclusive.

The CGT allowance in year one is £6,000, thereafter this is £3,000.

The Dividend Nil Rate in year one is £1,000, thereafter this is £500.

The CGT annual exempt amount is used each year (bed and breakfast rules avoided).

Net investment income is reinvested.

UK rates of income tax apply.

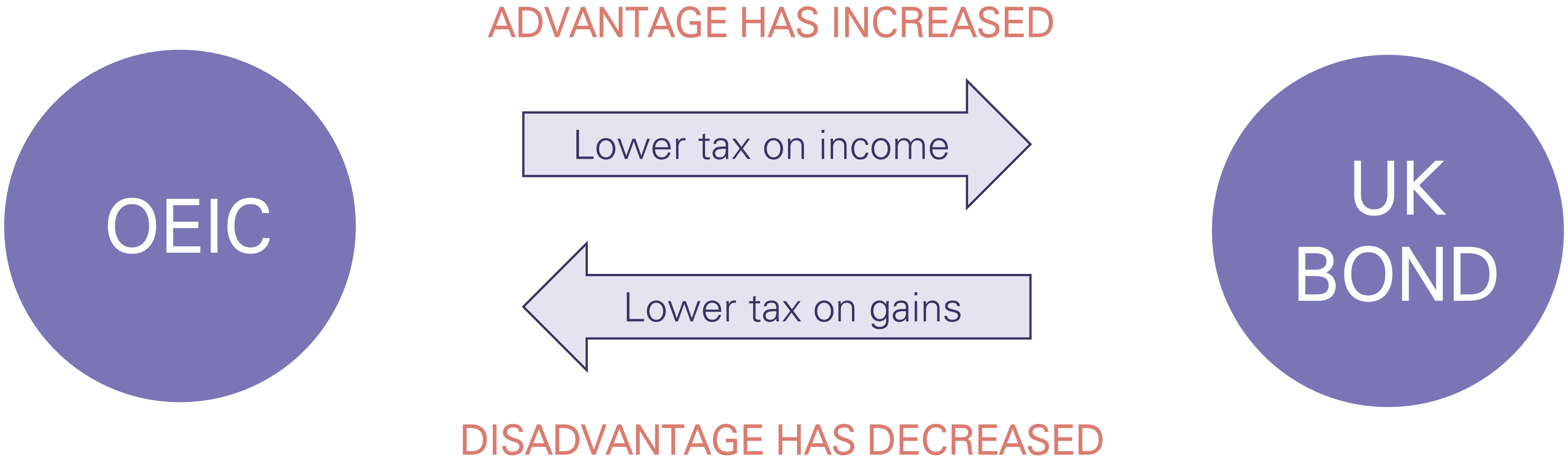
Available Bands and Allowances in year of encashment (prior to investments being surrendered)

	Collectives	Onshore	Offshore
Personal Allowance	N/A	£0	£0
Starter Rate for Savings	N/A	£0	£0
Personal Savings Allowance	N/A	£500	£500
Basic Rate	£0	£0	£0
Higher Rate	N/A	£77,710	£77,710
CGT Allowance	£3,000	N/A	N/A

Why bonds

- Return expected to be income driven (especially dividends)
- Those who can manipulate income in year of access
- Higher rate tax payers who expect to be basic on access
- Receive "income" with no immediate tax impact
- Expectation of lifetime gifting
- Access savings allowances with equity funds
- Larger / Active Portfolios
- Those looking for simplicity / low admin

The trade off



Question 8

IHT on trusts

Geri, Emma and Victoria have been friends for many years.

They are all in their **early 70s and healthy**.

Unfortunately they've all been recently widowed, **inheriting all their late husbands estates**.

They always use the £3,000 annual IHT exemption but have never given away a sizeable sum before.

Concerned about IHT but keen to control the money **they all set up some Discretionary Trusts.**

Geri puts £650,000 in a **Loan Trust**
Emma puts £650,000 in a **Discounted Gift Trust**
Victoria puts £650,000 in a **Gift Trust**

Who has the highest IHT entry charge?

A	B	C	D
It's equal	Geri	Emma	Victoria

Loan Trust has **no transfer** of value

A DGT has a right to payments carved out meaning the transfer of value is **discounted** by the value of the retained rights

Any **unused Nil Rate Band can only be used on death** not for lifetime gifts

	Geri	Emma	Victoria
Transfer of value	£0	< £650,000	£650,000

Geri, Emma and Victoria have been friends for many years.

They are all in their **early 70s and healthy**.

Unfortunately they've all been recently widowed, **inheriting all their late husbands estates**.

They always use the £3,000 annual IHT exemption but have never given away a sizeable sum before.

Concerned about IHT but keen to control the money **they all set up some Discretionary Trusts.**

Geri puts £650,000 in a **Loan Trust**
Emma puts £650,000 in a **Discounted Gift Trust**
Victoria puts £650,000 in a **Gift Trust**

Who has the highest IHT entry charge?

A	B	C	D
It's equal	Geri	Emma	Victoria

Question 9

Corporation Tax Changes

Sandi and Joan both run their own limited companies.

They usually have **profits of around £200,000** a year and expect this to continue for the foreseeable future.

Sandi's company prepares accounts to the 31st March

Joan's accounts are prepared to the 31st December.

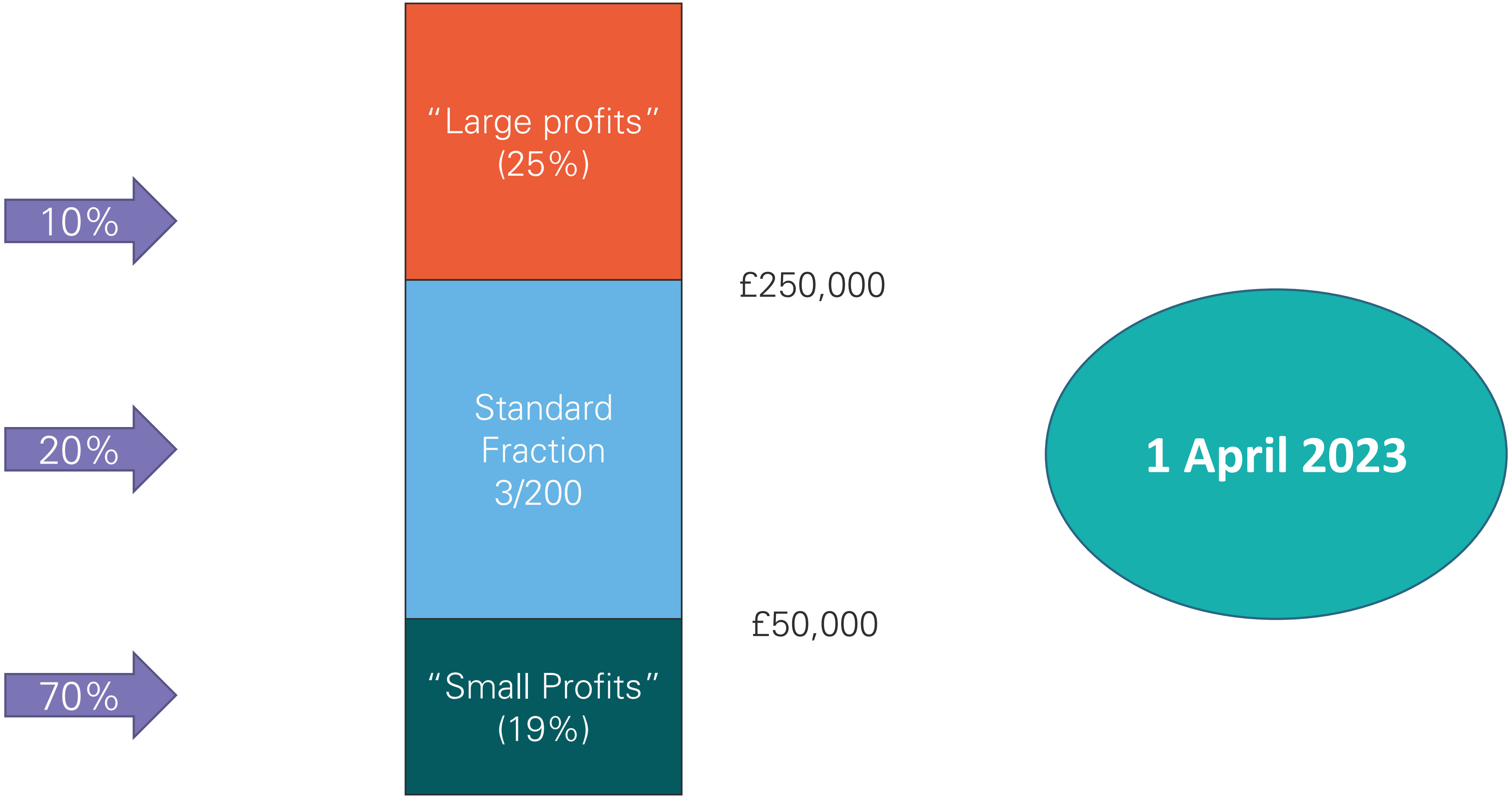
They each made a **£40,000 employer pension contribution** last week.

Who will get the most corporation tax relief?

A	B
It'll be the same	Joan will get £750 more

C	D
Sandi will get £750	Neither will qualify

Corporation Tax changes



Calculating corporation tax

Profit		£200,000
Corp Tax	25%	£50,000
Marginal relief	£250,000	
	<u>£200,000</u>	
3/200	£750	£750
	Tax due	£49,250
	Effective Rate	24.63%

Employer tax relief

Profit		£200,000
Corp Tax	25%	£50,000
Marginal relief	£250,000	
	£200,000	
3/200	£750	£750
	Tax due	£49,250
	Effective Rate	24.63%

	£160,000
25%	£40,000
£250,000	
£160,000	
£90,000	£1,350
Tax due	£38,650
Effective Rate	24.16%

£49,250 – £38,650 = £10,600 / £40,000 = **26.5%**

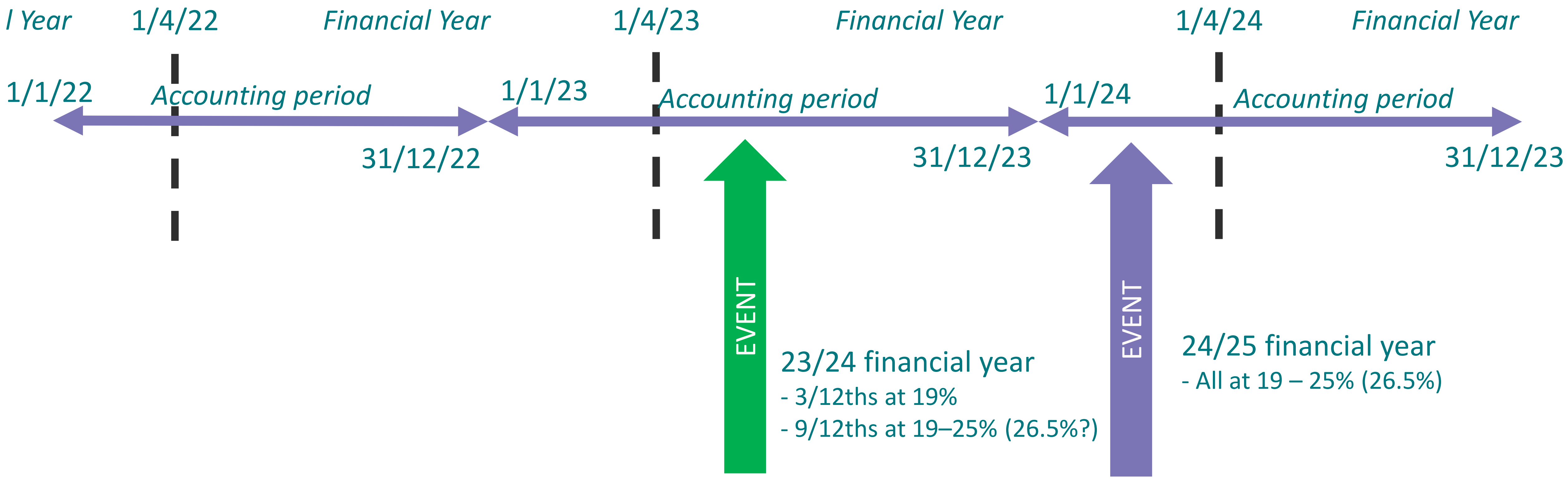
Calculating corporation tax (simple)

	Profit	Tax
Small Rate 19%	£50,000	£9,500
Marginal Rate 26.5%	£150,000	£39,750
Main Rate 25%	£0	£0
	£200,000	£49,250

Profit	Tax
£50,000	£9,500
£110,000	£29,150
£0	£0
£160,000	£38,650

£49,250 – £38,650 = £10,600 / £40,000 = **26.5%**

The "years"



l Year
1/4/22
Financial Year
1/4/23
Financial Year
1/4/24
Financial Year
1/1/22
Accounting period
1/1/23
Accounting period
1/1/24
Accounting period
31/12/22
31/12/23
31/12/23
EVENT
EVENT
23/24 financial year
- 3/12ths at 19%
- 9/12ths at 19–25% (26.5%?)
24/25 financial year
- All at 19 – 25% (26.5%)

Sandi and Joan

	Sandi	Joan
Accounts	to 31st March	to 31st December
Tax Relief	£40,000 x 26.5%	£10,000 x 19% £30,000 x 26.5%
Amount	£10,600	£9,850
Difference	£10,000 x 7.5% = £750	

Sandi and Joan both run their own limited companies.

They usually have **profits of around £200,000** a year and expect this to continue for the foreseeable future.

Sandi's company prepares accounts to the 31st March

Joan's accounts are prepared to the 31st December.

They each made a **£40,000 employer pension contribution** last week.

Who will get the most corporation tax relief?

A

It'll be the same

B

Joan will get £750 more

C

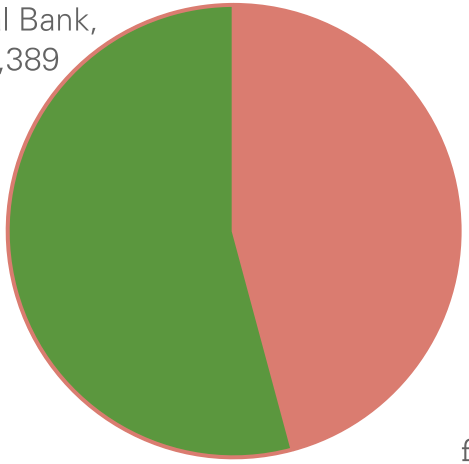
Sandi will get £750

D

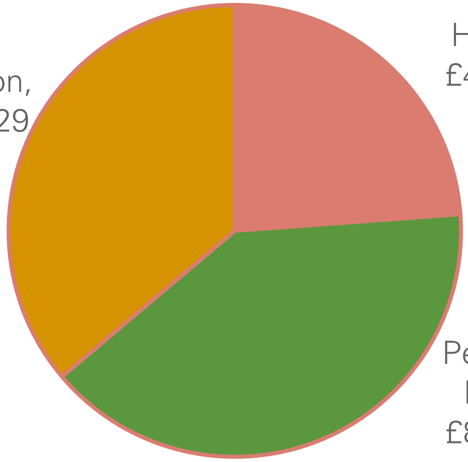
Neither will qualify

£200,000 - Decisions, decisions...

SALARY
£9,100
DIVIDENDS
£144,062
PENSION
£0
CO BANK AC
£0



SALARY
£9,100
DIVIDENDS
£90,900
PENSION
£72,329
CO BANK AC
£0



Personal Bank
- £28,384

Pension Pot
+ £72,329

Pension after TFC + 20% tax
£61,480

116% return!

Extracting Company Profits Tool

built by M&G

Hello :-)

Tax Year 2023/24

RESET

Pre change position

Scottish Tax Payer	No
Available Profits	£200,000
Salary Paid	£9,100
Dividends Paid	£144,062

Gross value of individuals pension contributions

Paid gross e.g.OPS, RACs, AVCs	£0
Relief at Source e.g.PP,GPP	£0
Employer Contributions	£0

Change (use a - for reductions)

Salary Paid	£0
Dividends Paid	-£53,162

Paid gross e.g.OPS, RACs, AVCs	£0
Relief at Source e.g.PP,GPP	£0
Employer Contributions	£72,329

After change

Salary	£9,100	Paid gross e.g.OPS, RACs, AVCs	£0
Dividends	£90,900	Relief at Source e.g.PP,GPP	£0
		Employer Contributions	£72,329

Assumed rate of tax on pension income 20%

Reduction in individuals bank account	£28,384
Increase in pension provision	£72,329
Amount after PCLS and tax	£61,480
"Return" on bank account reduction	116.60%

Short Summary

	Pre Change	After change	Difference	
Individual Bank Account	£108,389	£80,005	-£28,384	-26%
Company Bank Account	£0	£0	£0	Infinite Increase
Pension Contributions	£0	£72,329	£72,329	Infinite Increase
HMRC total take	£91,611	£47,666	-£43,945	-48%

Detailed View

	Pre Change	After change	Difference	
Individual				
Salary	£9,100	£9,100	£0	No change
Plus Dividend received	£144,062	£90,900	-£53,162	-37%
Less Income Tax	£44,772	£19,995	-£24,778	-55%
Less National Insurance	£0	£0	£0	No change
Less Contributions gross	£0	£0	£0	No change
Net Income	£108,389	£80,005	-£28,384	-26%
Less Contributions paid net	£0	£0	£0	No change
Cash remaining	£108,389	£80,005	-£28,384	-26%
Employer				
Available Profits	£200,000	£200,000	£0	No change
Less Dividend Paid	£144,062	£90,900	-£53,162	-37%
Less Employer Pension Contributic	£0	£72,329	£72,329	Infinite Increase
Less Corporation Tax	£46,839	£27,671	-£19,167	-41%
Less Salary Paid	£9,100	£9,100	£0	No change
Less Employers National Insuranc	£0	£0	£0	No change
Profit remaining	£0	£0	£0	Infinite Increase
Pension Contributions	£0	£72,329	£72,329	Infinite Increase

This tool will enable you to sit with a client and discuss the different options that they have for extracting profits from their business. You can input a client's current remuneration structure and highlight the difference adjusting this structure can benefit them and possibly mitigate the tax and national insurance payable to HMRC.

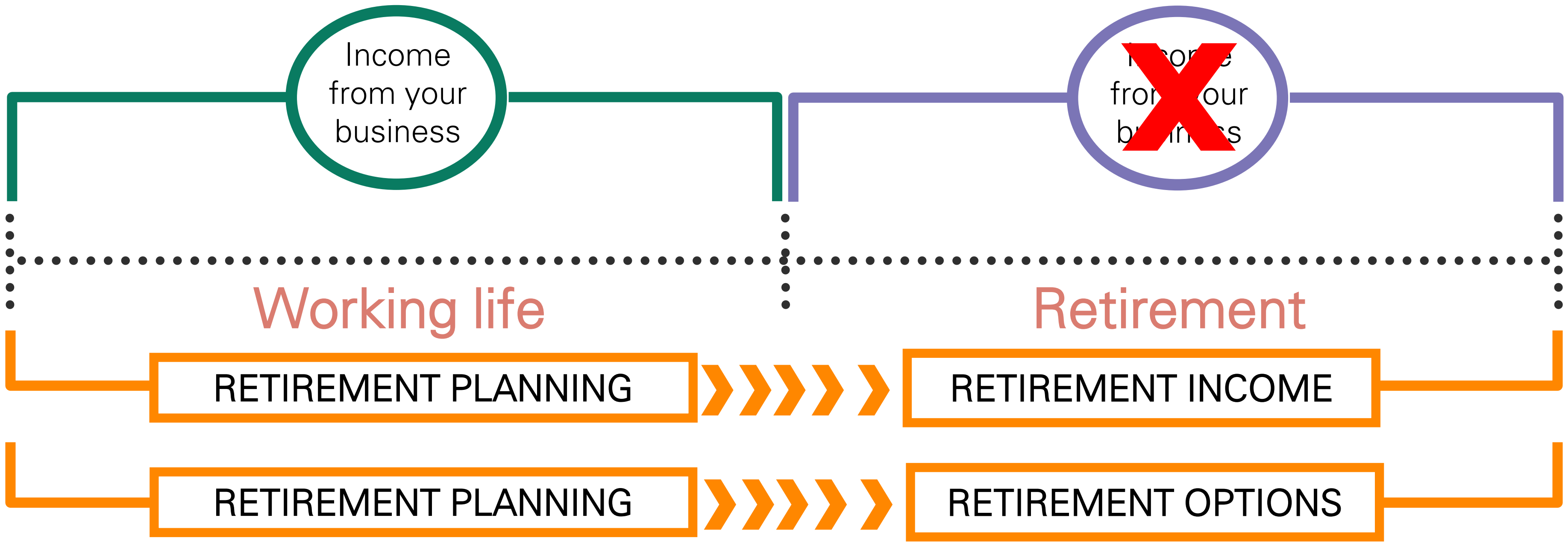
The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which is subject to change without notice. Every care has been taken as to its accuracy, but it must be appreciated that neither M&G nor its representatives can accept any responsibility for loss, however caused, suffered by any person who has acted or refrained from acting as a result of material contained in this calculator.

Please note that the tool uses Category A National Insurance. Any employment allowance which may be available is not taken into account. The employment allowance is not available for sole owner/directors.

If you have any questions on using this tool, please contact your Account Manager.

Tax legislation states that that the personal allowance may be deducted in the way which will result in the greatest reduction in the taxpayer's liability to income tax. The calculator however proceeds on the basis that it is offset firstly against non-savings income, then savings income and then dividend income. In particular circumstances, a different order may produce a more beneficial result for the individual.

The challenge



The last one!

It’s not a techy one so you can relax

More of a poll really

If we could improve an aspect of our technical support what would it be?

A	B	C
putting all our articles, videos and tools in one place	laying out our technical centre in a more user friendly way	make the search Source answers better

D	E	F
allowing you to submit questions	allowing you to book 121 calls with technical	allowing you to join a technical community hosted by Les and team

Support

Articles

Videos

Tools & Calculators

Ask the Techs

Thanks for your time

Get in touch with your usual contact if you need further help.

M&G wealth