

# Techy Tuesday Tax Tools

## Extracting Profits and Annual Allowance

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.

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# Learning Objectives

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

Understand the theory for using the Extracting Company Profits and Annual Allowance tools

Demonstrate the inputs required for using the Extracting Company Profits and Annual Allowance tools



# Profit Extraction

Salary, dividend or pension?





Your business is  
your pension?

## Spot the difference

“....my retirement is sorted out, I heard about this unlisted company no-one has heard of and bought up the shares with my SIPP, it'll definitely do well enough to cover my retirement and it's not too risky.....”

No-one, ever, probably

“.....my business is my pension....”

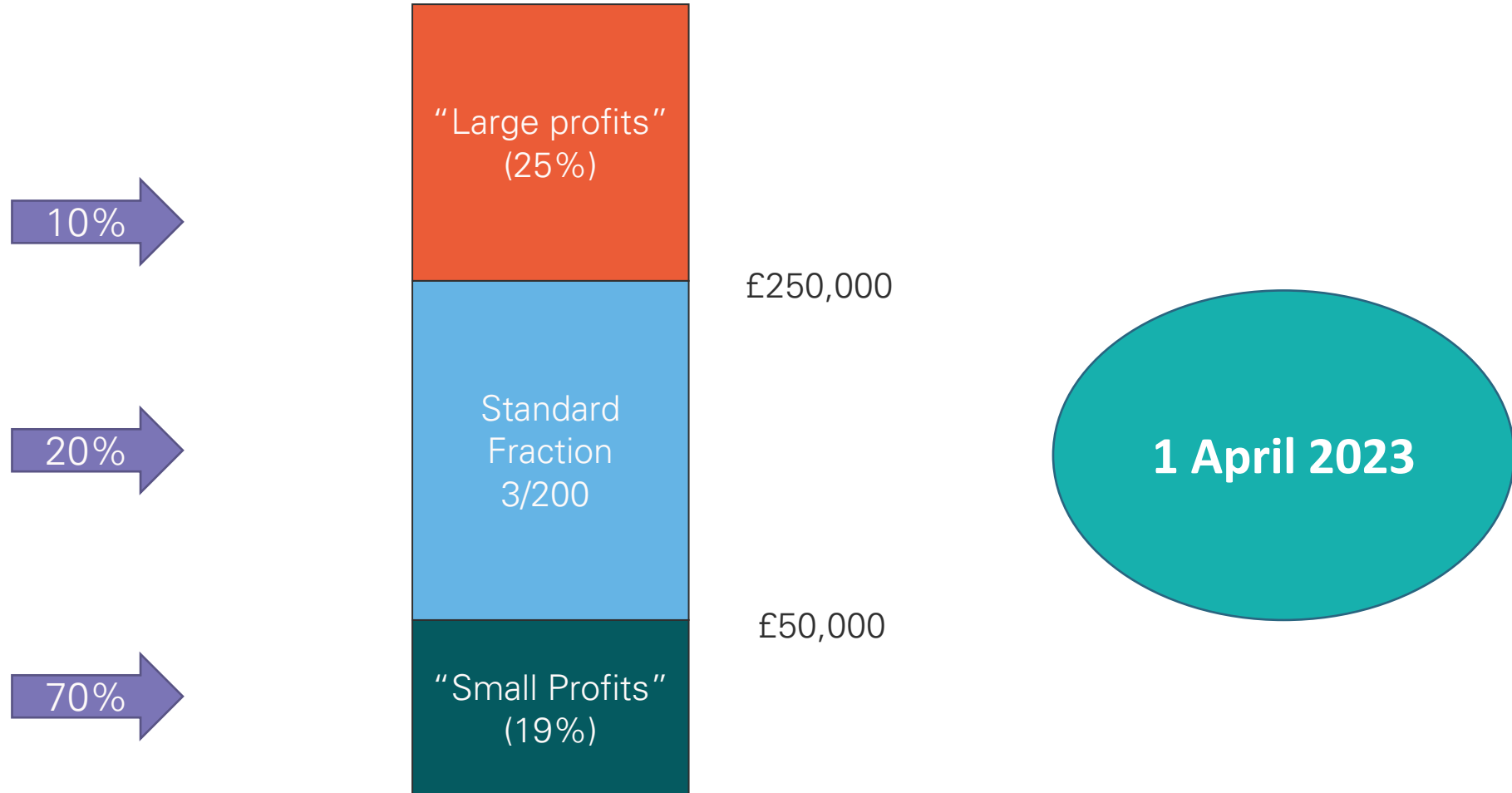
Lots of people, definitely



# Corporation Tax

(wef April 2023)

# Corporation Tax changes





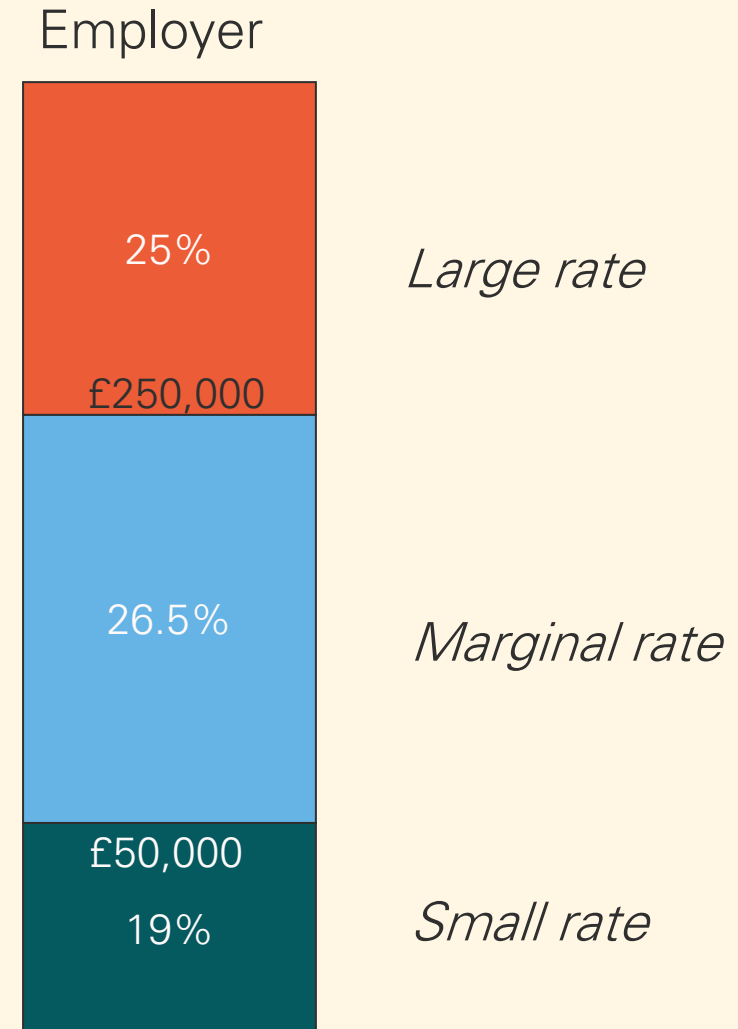
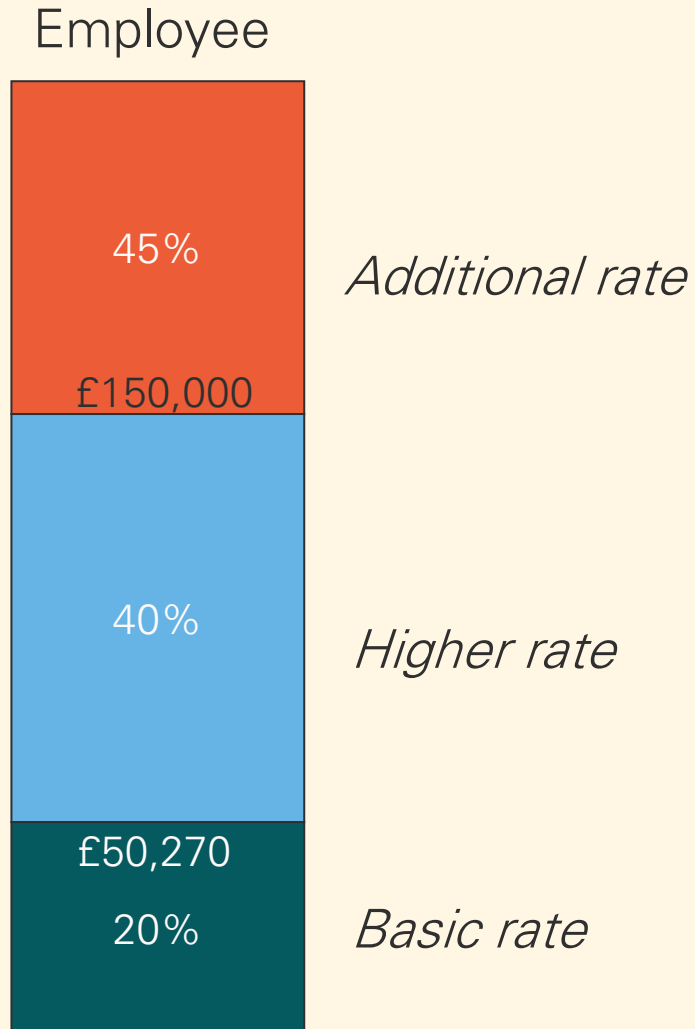
# Calculating corporation tax

Profit		£130,000
Corp Tax	25%	£32,500
Marginal relief	£250,000	
	<u>£130,000</u>	
3/200	£120,000	£1,800
	Tax due	£30,700
	Effective Rate	23.62%

# Effective rates

Profit	19%			26.5%			Total Tax	Effective Rate
£10,000	£10,000	19%	£1,900				£1,900	19.00%
£20,000	£20,000	19%	£3,800				£3,800	19.00%
£30,000	£30,000	19%	£5,700				£5,700	19.00%
£40,000	£40,000	19%	£7,600				£7,600	19.00%
£50,000	£50,000	19%	£9,500				£9,500	19.00%
£60,000	£50,000	19%	£9,500	£10,000	26.5%	£2,650	£12,150	20.25%
£70,000	£50,000	19%	£9,500	£20,000	26.5%	£5,300	£14,800	21.14%
£80,000	£50,000	19%	£9,500	£30,000	26.5%	£7,950	£17,450	21.81%
£90,000	£50,000	19%	£9,500	£40,000	26.5%	£10,600	£20,100	22.33%
£100,000	£50,000	19%	£9,500	£50,000	26.5%	£13,250	£22,750	22.75%
£110,000	£50,000	19%	£9,500	£60,000	26.5%	£15,900	£25,400	23.09%
£120,000	£50,000	19%	£9,500	£70,000	26.5%	£18,550	£28,050	23.38%
£130,000	£50,000	19%	£9,500	£80,000	26.5%	£21,200	£30,700	23.62%
£140,000	£50,000	19%	£9,500	£90,000	26.5%	£23,850	£33,350	23.91%
£150,000	£50,000	19%	£9,500	£100,000	26.5%	£26,500	£36,000	24.19%
£160,000	£50,000	19%	£9,500	£110,000	26.5%	£29,150	£38,650	24.46%
£170,000	£50,000	19%	£9,500	£120,000	26.5%	£31,800	£41,300	24.69%
£180,000	£50,000	19%	£9,500	£130,000	26.5%	£34,450	£43,950	24.89%
£190,000	£50,000	19%	£9,500	£140,000	26.5%	£37,100	£46,600	25.05%
£200,000	£50,000	19%	£9,500	£150,000	26.5%	£39,750	£49,250	25.18%
£210,000	£50,000	19%	£9,500	£160,000	26.5%	£42,400	£51,900	25.29%
£220,000	£50,000	19%	£9,500	£170,000	26.5%	£45,050	£54,550	25.39%
£230,000	£50,000	19%	£9,500	£180,000	26.5%	£47,700	£57,200	25.48%
£240,000	£50,000	19%	£9,500	£190,000	26.5%	£50,350	£59,850	25.56%
£250,000	£50,000	19%	£9,500	£200,000	26.5%	£53,000	£62,500	25.60%

# Tax Relief



# Employer tax relief

Profit		£130,000
Corp Tax	25%	£32,500
Marginal relief	£250,000	
	<u>£130,000</u>	
3/200	£120,000	£1,800
	Tax due	£30,700
	Effective Rate	23.62%

	£120,000
25%	£30,000
£250,000	
<u>£120,000</u>	
£130,000	£1,950
Tax due	£28,050
Effective Rate	23.38%

$$£30,700 - £28,050 = £2,650 / £10,000 = 26.5\%$$

# Wholly and Exclusively

## Will tax relief be granted for an employer contribution?

.....the same rules apply as for any other expense ..... In particular, any contribution must be paid wholly and exclusively for the purposes of the trade for it to be deductible (ICTA88/S74 (1) (a) for corporation tax and ITTOIA05/S34 for income tax).....

.....it is important to emphasise that as part of the cost of employing staff pension, contributions will, prima facie, be allowable.....,

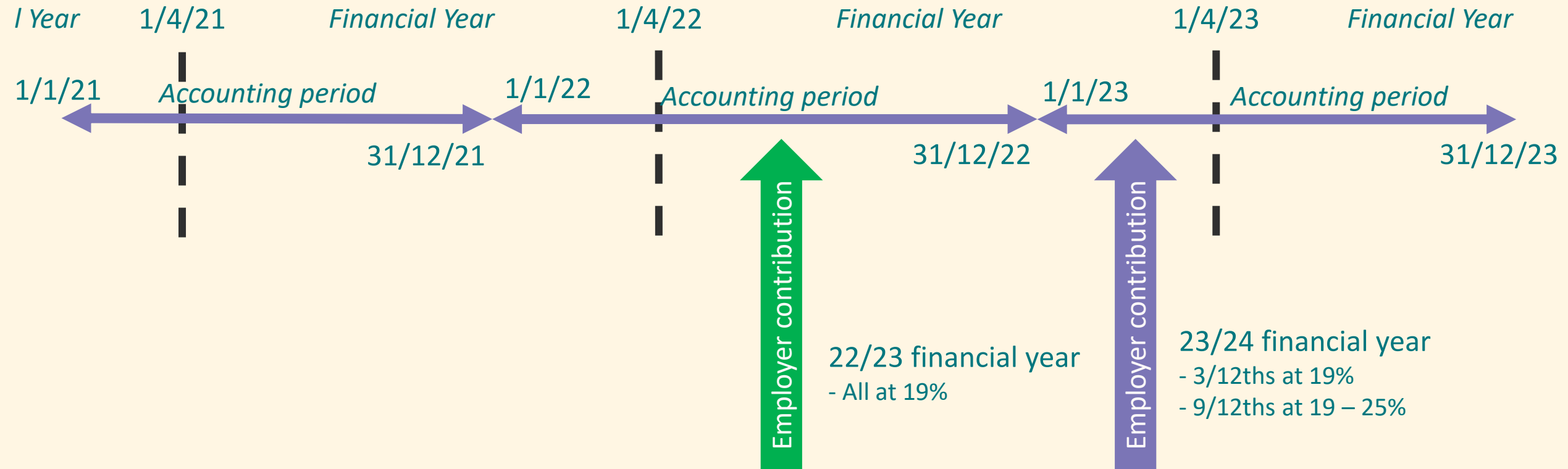
..... Whether there was a non-trade purpose for the payment will depend upon the facts of the individual case. ....

.....One situation ..... is where the level of the remuneration package is excessive for the value of the work undertaken .....

..... accept that the contributions are paid wholly & exclusively .... where the remuneration package paid in respect of a director of a close company, or an employee who is a close relative or friend of the director or proprietor (where the business is unincorporated) is comparable with that paid to unconnected employees performing duties of similar value.....

**Answer - Probably! Sort it out with the accountant.**

# The “years”





Dividends

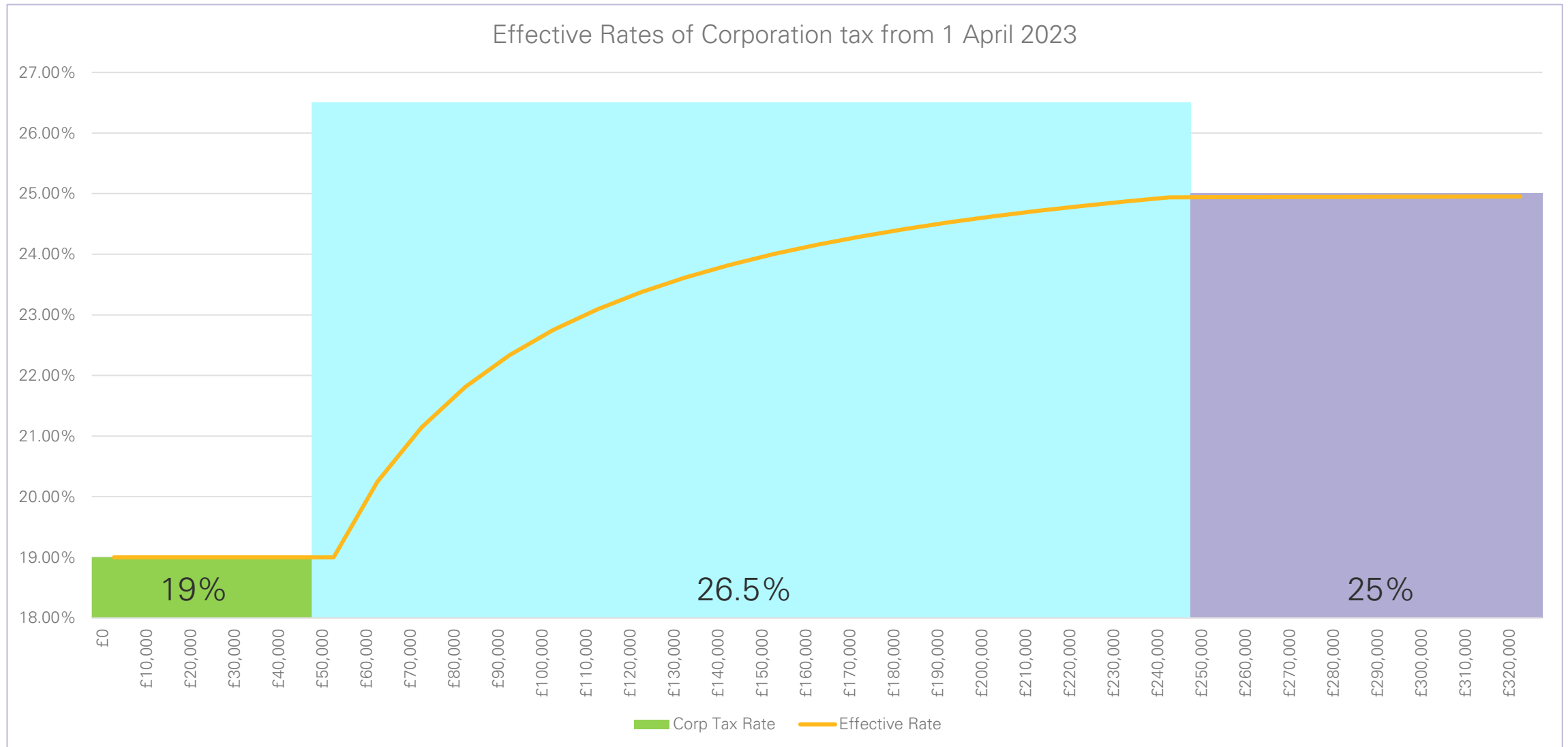
# Dividend Tax Allowance 2023/24

£1,000 @ 0%

BRT	8.75%
HRT	33.75%
ART	39.35%



# Corporation Tax Changes



# How Dividends are paid\* (2023/24)



\* After the dividend nil rate of taxation

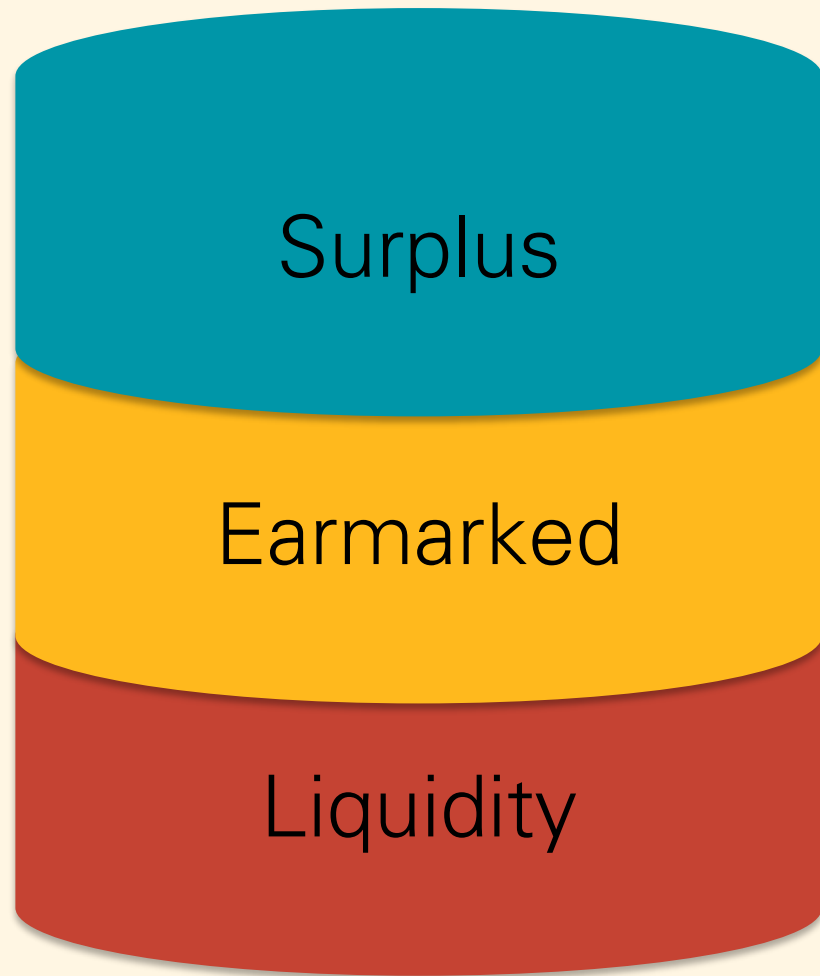
# The effective tax rates – UK Rates

25% CT

		Corporation Tax	Employer National Insurance	Employee National Insurance	Income Tax (assuming 25% tax free cash)	Dividend Tax	Per £1,000 of business profit in your pocket	Percentage rate of taxation on the £1,000	Per £1,000 of business profit in your pocket	Percentage rate of taxation on the £1,000
Basic Rate	Salary	0.00%	13.80%	12.00%	20.00%	0.00%	£597.54	40.25%	£597.54	40.25%
	Dividend	19.00%	0.00%	0.00%	0.00%	8.75%	£739.13	26.09%	£684.38	31.56%
	Pension Contribution	0.00%	0.00%	0.00%	15.00%	0.00%	£850.00	15.00%	£850.00	15.00%
Higher Rate	Salary	0.00%	13.80%	2.00%	40.00%	0.00%	£509.67	49.03%	£509.67	49.03%
	Dividend	19.00%	0.00%	0.00%	0.00%	33.75%	£536.63	46.34%	£496.88	50.31%
	Pension Contribution	0.00%	0.00%	0.00%	30.00%	0.00%	£700.00	30.00%	£700.00	30.00%
Additional Rate	Salary	0.00%	13.80%	2.00%	45.00%	0.00%	£465.73	53.43%	£465.73	53.43%
	Dividend	19.00%	0.00%	0.00%	0.00%	39.35%	£491.27	50.87%	£454.88	54.51%
	Pension Contribution	0.00%	0.00%	0.00%	33.75%	0.00%	£662.50	33.75%	£662.50	33.75%

\* After the dividend nil rate of taxation

# Cash problem?



Eroding value  
or  
not funding  
retirement?



**Mary**

## Here's somethings about ...

- Early 40s, married to Ted, who is self employed
- She's the main breadwinner
- 1 young child, 5 years
- IT contractor, through limited company
- Contracts expected to be around £160,000 p.a. as she is back contracting full time
- Her company has been making £3,000 p.a. pension contributions to her SIPP for the last 5 years.

# How much AA in 2023/24 – carry forward

	2020/21	2021/22	2022/23	2023/24
Pension Inputs	£3,000	£3,000	£3,000	£60,000
Unused	£37,000	£37,000	£37,000	£0
				<u>£171,000</u>

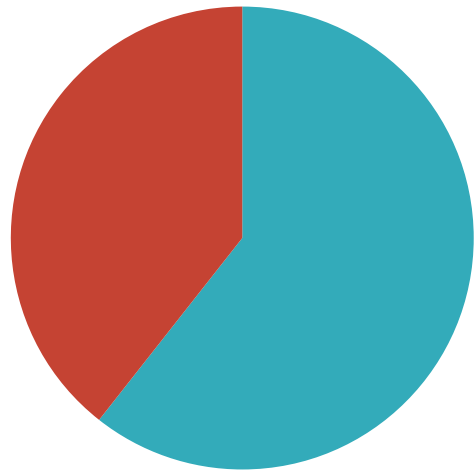
Don't look back for just 3 years...

1. Uncover unused allowances from 3 previous years
2. If the prior 2 years to current year have an AA excess, look back further years

# £160,000 - Decisions, decisions ...

SALARY
£12,570
DIVIDENDS
£111,759
PENSION
£0
CO BANK AC
£0

£69,351

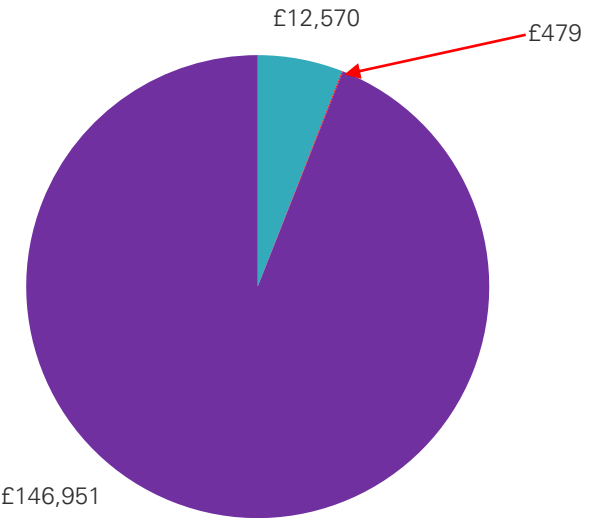


■ Mary ■ HMRC

- Tax inefficient extraction – relatively high tax (c43%)
- Significant cash for living expenses.
- No funds retained in company – future dividend source
- Higher rate tax liability
- Lost personal allowance
- Child benefit charge to pay
- No pension provision

SALARY
£12,570
DIVIDENDS
£0
PENSION
£146,951
CO BANK AC
£0

£146,951



■ Mary ■ HMRC ■ Pension

- Reduced taxation (c0.30%)
- Less money for living expenses
- No funds retained in company – future dividend source
- No tax liability (National Insurance £479)
- Personal allowance retained
- No Child benefit charge to pay
- Annual Allowance and carry forward used (almost)

# How about take what you need?

Discretionary	
Eating out and takeaways	200
Clothing	150
Gym / Fitness Club	50
Beauty Products	100
Subscriptions (magazine, Netflix, etc.)	20
Professional / Club dues	40
Hobbies and Sports	60
Holidays	450
Gifts/Presents	100
<b>Total</b>	<b>£1,170</b>

Essential / Lifestyle	
Mortgage	£1,700
Buildings and Contents	£210
Council Tax	£270
Gas / Electric	£145
Water	£45
Phone(s)	£80
Internet	£30
TV Licence Fees	£140
All the other essential stuff	£100
<b>Total</b>	<b>£2,720</b>

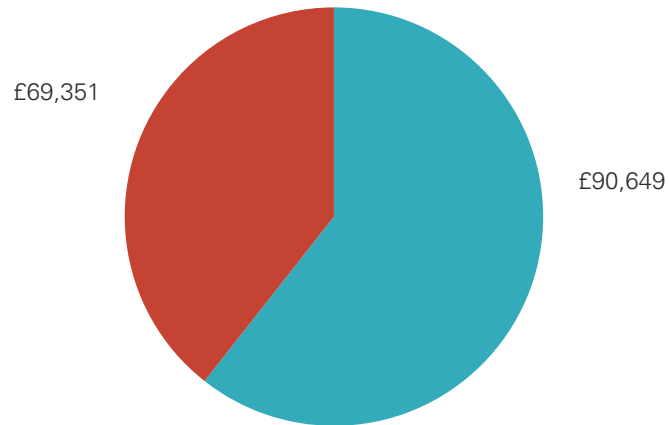
$$£1,170 + £2,720 = £3,890$$

$$£3,890 \times 12 = £46,680$$



# Dividend swap

Salary & Dividend



■ Mary ■ HMRC

SALARY	
£12,570	
DIVIDENDS	
£111,759	
PENSION	
£0	

## ***DIVIDEND SWAP?***

*Before*

**Bank**  
£90,649

*After*

**Bank**  
£46,680

£43,969

**Pension**

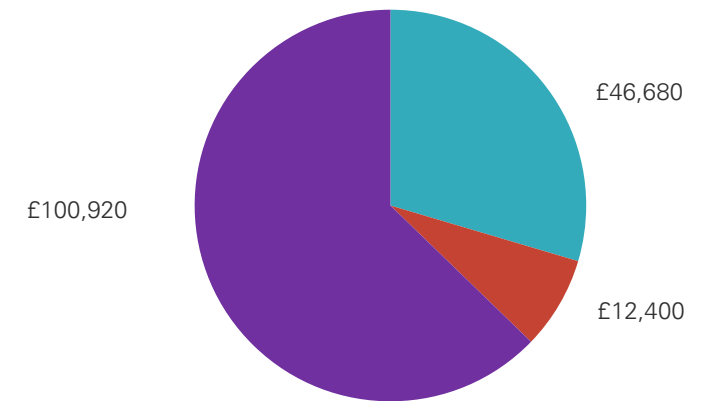
£0

**Pension**

£100,920

@20% = 95.10%  
@40% = 60.67%  
**RISK FREE RETURN?**

Salary & Dividend & Pension



■ Mary ■ HMRC ■ Pension

SALARY	
£12,570	
DIVIDENDS	
£37,285	
PENSION	
£100,920	

# An easier way to do this

Extracting Company Profits Tool

built by M&G

Tax Year 2023/24

RESET

Pre change position

Scottish Tax Payer

No

Available Profits

£160,000

Salary Paid

£12,570

Dividends Paid

£111,759

Gross value of individuals pension contributions

Paid gross e.g.DPS, RACs, AVCs

£0

Relief at Source e.g.PP,GPP

£0

Employer Contributions

£0

Change (use a - for reductions)

Salary Paid

£0

Dividends Paid

-£74,474

After change

Salary

£12,570

Dividends

£37,285

Assumed rate of tax on pension income

20%

Reduction in individuals bank account

£43,969

Increase in pension provision

£100,920

Amount after PCLS and tax

£85,782

"Return" on bank account reduction

95.10%

Short Summary

Pre Change

After change

Difference

Individual Bank Account

£90,649

£46,680

-£43,969

-49%

Company Bank Account

£0

£0

£0

154%

Pension Contributions

£0

£100,920

£100,920

Infinite Increase

HMRC total take

£69,351

£12,400

-£56,951

-82%

Detailed View

Individual

Pre Change

After change

Difference

Salary

£12,570

£12,570

£0

No change

Plus Dividend received

£111,759

£37,285

-£74,474

-67%

Less Income Tax

£33,680

£3,175

-£30,505

-91%

Less National Insurance

£0

£0

£0

No change

Less Contributions gross

£0

£0

£0

No change

Net Income

£90,649

£46,680

-£43,969

-49%

Less Contributions paid net

£0

£0

£0

No change

Cash remaining

£90,649

£46,680

-£43,969

-49%

Employer

Available Profits

£160,000

£160,000

£0

No change

Less Dividend Paid

£111,759

£37,285

-£74,474

-67%

Less Employer Pension Contributio

£0

£100,920

£100,920

Infinite Increase

Less Corporation Tax

£35,192

£8,746

-£26,446

-75%

Less Salary Paid

£12,570

£12,570

£0

No change

Less Employers National Insurance

£479

£479

£0

No change

Profit remaining

£0

£0

£0

154%

Pension Contributions

£0

£100,920

£100,920

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.

Please note, this tool will cease to operate at the end of the tax year displayed above.

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.

# Plan B (and beyond)

“Business is my pension”

- b) Can't sell when you want?
- c) Can't get what you want?
- d) Usually tax free on death (BPR 100%/50%)
- e) Creditor risk?
- f) Entrepreneurs relief (risk of retained profits)  
(now called Business Asset Disposal Relief)
- g) Would you advise a client to invest not only in a single asset class,  
but a single company share (probably unlisted) for retirement?

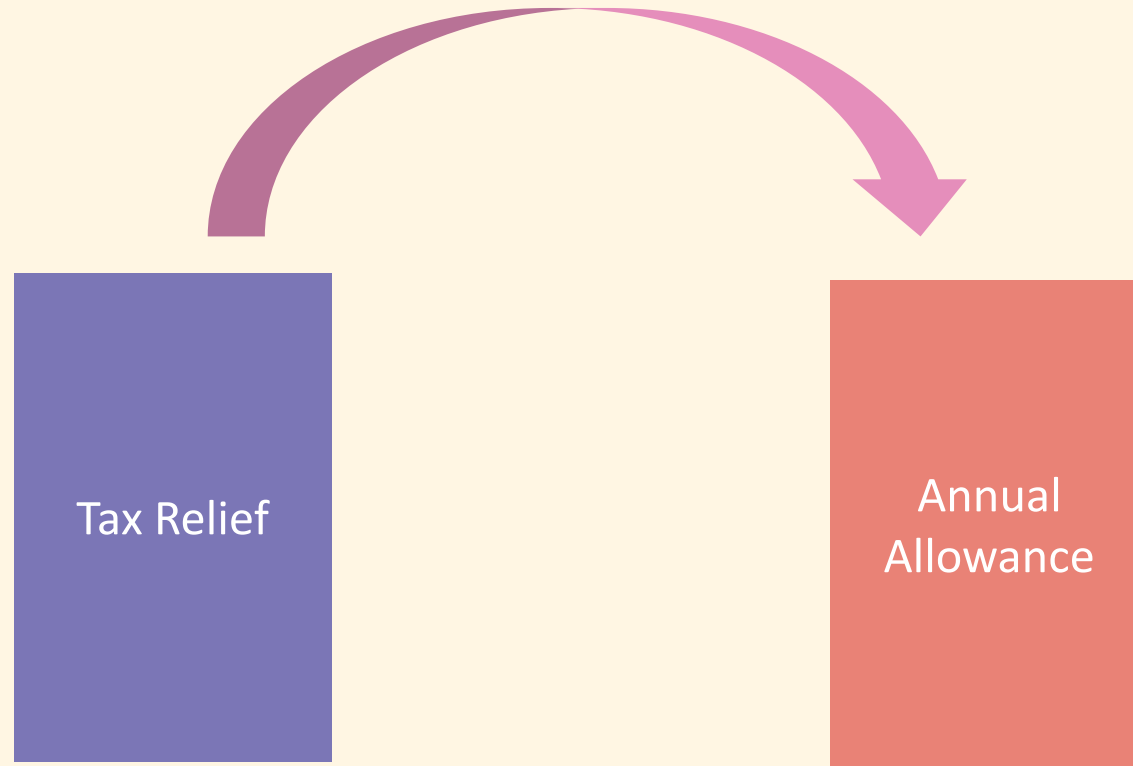
**LETS GO LIVE.**

# Annual Allowance

Pension inputs and the taper



# One before the other



# Annual Allowance

The three options

# AA Limits

Standard AA

£60,000

MPAA

£10,000

Tapered AA

£10,000 -  
£60,000



# Calculating Pension Input Amounts

# Money Purchase Inputs

The calculation

Your  
Contributions

+

Your  
Employer  
Contributions

+

Third  
Party  
Contributions

# DB Inputs

The calculation

$$\left( \text{Value* at end of year} - \left\{ \text{Value* at start of year} \times \text{Inflation (CPI)} \right\} \right) \times 16$$





\*Value = pension accrued

plus

one times cash by addition

# Carry Forward Provisions

# Carry Forward

What's it for		Mitigate Annual Allowance charges
Eligibility		From 1 <sup>st</sup> tax year joined a scheme No earnings or contributions needed
Who benefits		Anyone whose inputs exceed their annual allowance
Using carry forward		Up to 3 yrs <b>unused</b> allowance can be carried forward to current tax year No need to make a claim

Does **NOT** apply to MPAA

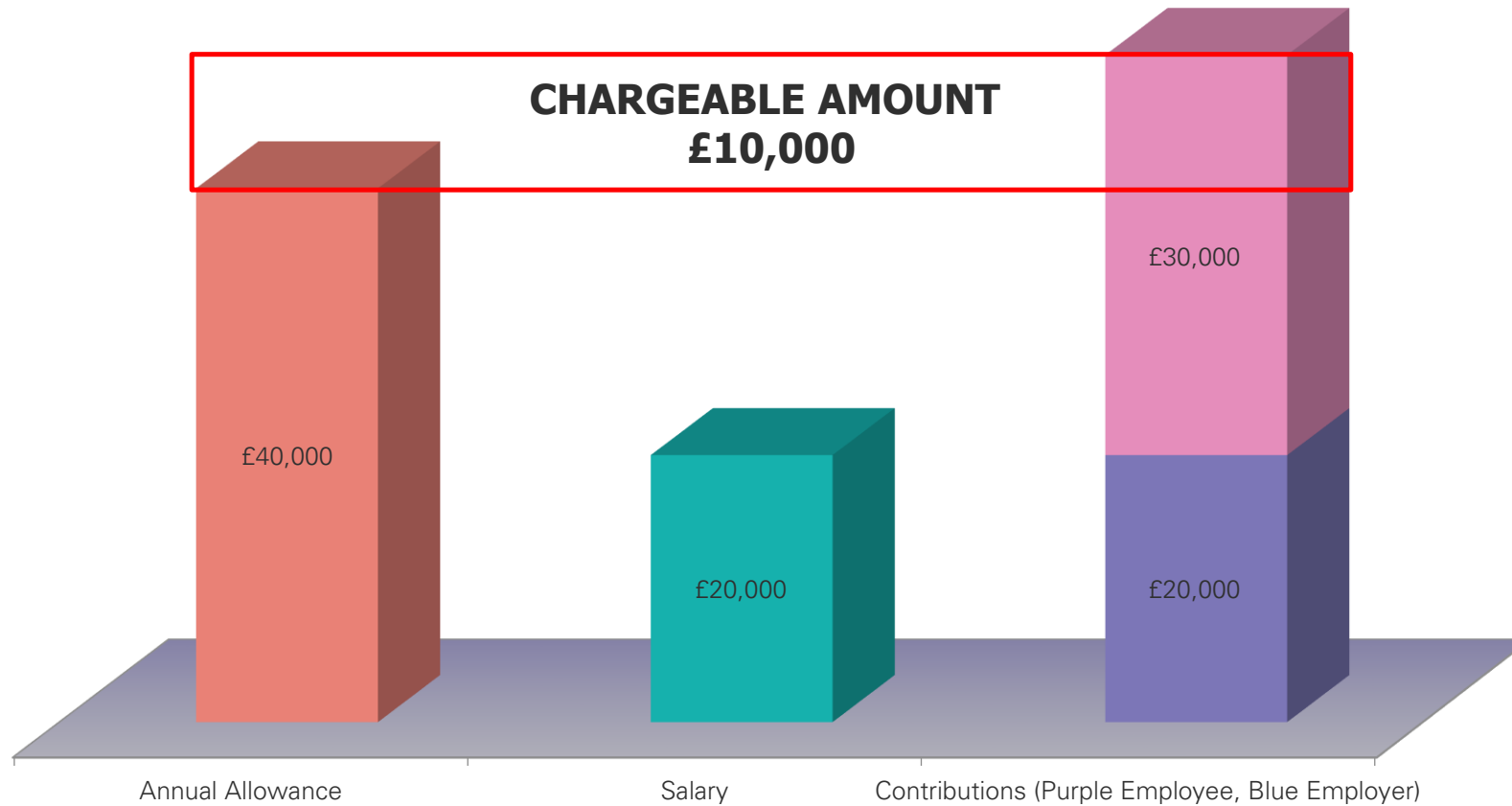
# How much AA in 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24
Pension Inputs	£26,000	£25,000	£29,000	£72,000	
Unused	£14,000	£15,000	£11,000	-£32,000	£60,000
Used in 2022/23	£14,000	£15,000	£3,000	-£32,000	
Unused for 2023/24	£0	£0	£8,000	£0	£8,000
					£68,000

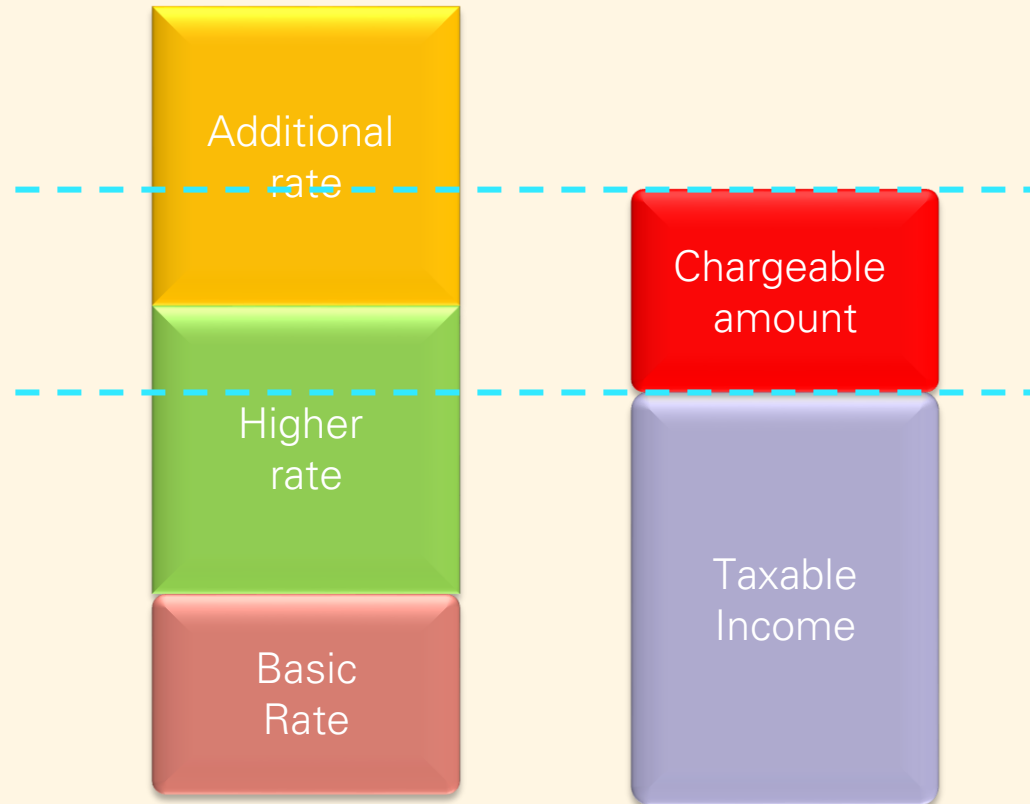
Don't look back for just 3 years...

1. Go back until you've three excess free years
2. Uncover unused allowances

# Exceeding the allowance



# The tax charge





# Tapered Annual Allowance

# Threshold Income & Adjusted Income

"Threshold income" > £200,000 from 2020/21

"Adjusted income" > £260,000 from 2023/24

"Threshold income" > £110,000 2016/17 to 2019/20

"Adjusted income" > £240,000 2020/21 to 2022/23  
> £150,000 2016/17 to 2019/20

Total Income

Total Income

Allowable reliefs

Allowable reliefs

Personal Pension Contributions

"Paid Gross" pension contributions (individual)

Employment Income given up > 9 July 2015

Employer Pension Contributions

Taxable lump sum death benefits

Taxable lump sum death benefits

# What's included in Total Income?

Income Tax Act 2007  
(Section 23)

Allowable Reliefs  
(Sections 24 & 25)

Bond Gains  
(FULL AMOUNT)

Dividends  
(including nil rate)

Savings  
(including nil rate)

Self-Employed  
Income

Buy To Let  
(Taxable Amount)

Pension Income

Employment Income

Total  
Income

# So what do we use?

Benefits  
In Kind

Bonus /  
Overtime

Contractual  
Salary

# So what do we use?

Benefits  
In Kind

Bonus /  
Overtime

Contractual  
Salary

# So what do we use?

Salary Sacrifice

Net Pay

Payroll Giving

---

Relief at Source

Gift Aid

Contractual  
Salary

What figure do you use for employer contributions?

# Money Purchase Inputs

The calculation

~~Your  
Contributions~~

Your  
Employer  
Contributions

~~Third  
Party  
Contributions~~



# DB Inputs

The calculation

$$\left( \text{Value* at end of year} - \left\{ \text{Value* at start of year} \times \text{Inflation (CPI)} \right\} \right) \times 16$$

\*Value = pension accrued

plus

one times cash by addition

LESS

The employee contribution to the scheme

# The Easy Way

## Tapered Annual Allowance Calculator 2022/23 Tax Year

### Instructions:

Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant.  
For income definitions see Pensions Tax Manual - PTM057100

Total Income   
(please remember to deduct net pay contributions from this figure)

Allowable Reliefs

Net Pay Contributions   
(including any s226 contributions)

Relief at Source contributions (Gross)

### Value of employer pension contributions

Employer Pension Contributions to Money Purchase

Total DB Pension Input Amount for year

Total gross employee contribution to DB scheme(s) included above

Employment Income given up post 09/07/15   
e.g. Salary Sacrifice - Remember to add the new employer contribution above

Taxable Lump Sum Death Benefits (Gross Value)

### Totals

Limit based on 15% of relevant earnings

Is the Taper Triggered? No  
Annual Allowance for 2022/23 £40,000

Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.

For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be roughly two thirds of the remaining AA that has been calculated.

### Adjusted Income

£0.00  
-

£0.00  
+

£0.00

£0.00  
+

£0.00

+

£0.00

-

£0.00

£0.00  
-

£0.00

£0.00

No

Reset

### Threshold Income

£0.00  
-

£0.00

-

£0.00

£0.00

+

£0.00

-

£0.00

£0.00  
-

£0.00

£0.00

No

# Planning

# Case study: Peter



"Salary" £285,000



Personal net pay  
contributions £10,000



Employer Contributions  
£20,000



£7,500 of AA Left



Employer makes extra  
payment of £7,500



(Uses all available AA?)

# It depends on how you do it!

## Tapered Annual Allowance Calculator 2023/24 Tax Year

**Instructions:**  
Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant.  
For income definitions see Pensions Tax Manual - PTM057100

Total Income (please remember to deduct net pay contributions from this figure)	<input type="text" value="£275,000.00"/>	Adjusted Income £275,000.00	Threshold Income £275,000.00
Allowable Reliefs	<input type="text" value="£0.00"/>	-	-
Net Pay Contributions (including any s226 contributions)	<input type="text" value="£10,000.00"/>	£0.00 +	£0.00
Relief at Source contributions (Gross)	<input type="text" value="£0.00"/>	£10,000.00	-
<b>Value of employer pension contributions</b>			
Employer Pension Contributions to Money Purchase	<input type="text" value="£27,500.00"/>	-	£0.00
Total DB Pension Input Amount for year	<input type="text" value="£0.00"/>	+	£0.00
Total gross employee contribution to DB scheme(s) included above	<input type="text" value="£0.00"/>	£27,500.00 +	-
Employment Income given up post 09/07/15 e.g. Salary Sacrifice - Remember to add the new employer contribution above	<input type="text" value="£0.00"/>	£0.00 +	£0.00
Taxable Lump Sum Death Benefits (Gross Value)	<input type="text" value="£0.00"/>	-	-
Totals		£0.00	£0.00
		<b>£312,500.00</b>	<b>£275,000.00</b>
Limit breached?		Yes	Yes
Is the Taper Triggered? Annual Allowance for 2023/24		Yes £33,750	

Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.

For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be roughly two thirds of the remaining AA that has been calculated.

Reset

Total Inputs  
£30,000

AA Excess  
£0

Total Inputs  
£37,500

AA Excess  
£3,750

# Case Study: Peter



"Salary" £285,000



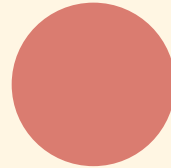
Personal net pay  
contributions £10,000



Employer Contributions  
£20,000



£7,500 of AA Left



Has £67,500 carry  
forward



£75,000 of RAS payment  
made gross (£60,000 net)



(Uses all available AA?)

# It depends on how you do it!

**Tapered Annual Allowance Calculator 2023/24 Tax Year**

Instructions:  
Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant.  
For income definitions see Pensions Tax Manual - PTM057100

Total Income (please remember to deduct net pay contributions from this figure)	<input type="text" value="£275,000.00"/>	Adjusted Income £275,000.00	Threshold Income £275,000.00
Allowable Reliefs	<input type="text" value="£0.00"/>	-	-
Net Pay Contributions (including any s226 contributions)	<input type="text" value="£10,000.00"/>	£0.00	£0.00
Relief at Source contributions (Gross)	<input type="text" value="£75,000.00"/>	+	+
<u>Value of employer pension contributions</u>			
Employer Pension Contributions to Money Purchase	<input type="text" value="£20,000.00"/>	£10,000.00	-
Total DB Pension Input Amount for year	<input type="text" value="£0.00"/>	+	+
Total gross employee contribution to DB scheme(s) included above	<input type="text" value="£0.00"/>	£20,000.00	-
Employment Income given up post 09/07/15 e.g. Salary Sacrifice - Remember to add the new employer contribution above	<input type="text" value="£0.00"/>	£0.00	£0.00
Taxable Lump Sum Death Benefits (Gross Value)	<input type="text" value="£0.00"/>	-	-
Totals		£0.00	£0.00
		£305,000.00	£200,000.00
Limit breached?		Yes	No
Is the Taper Triggered? Annual Allowance for 2023/24	<input type="text" value="No&lt;br/&gt;£60,000"/>		

Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.

For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be roughly two thirds of the remaining AA that has been calculated.

Reset

£10k left this year

Had £67.5k carry forward

Makes £75k RAS contribution

Threshold Income now £200k

NO Taper = £30k extra AA

£30k extra can be employee or employer, this won't affect threshold.

If only there was an easy way to do this...

# Annual Allowance Calculator

built by M&G

## Tax Year 2023/24

What tax year did individual first join a pension?  
(if a member prior to 2008/09 tax year select 2008/09).

**Instructions for use**

Step1: Input tax year first joined a pension scheme.

Step2: Calculate tapered AA if applicable using grey button on right hand side.

Step3: Input existing pension input amounts in white boxes. Inputs are required until there is 3 clear years with no AA excess

2008/09 to 2010/11 - Inputs are capped at £50,000 for Carry Forward calculations

Straddling PIPs - If total inputs are less than or equal to £50,000 then put all in as post 14/10/2010. If total inputs are over £50,000 then you need to enter the pre and post 14/10/10 split of inputs.

Reset Summary

Reset Taper Calcs

Total inputs for PIPs ending in Tax Year:	Existing Inputs
2008/09	£ -
2009/10	£ -
2010/11	£ -
2011/12	
Inputs prior to 14/10/2010	£ -
Inputs on or after 14/10/2010	£ -
2012/13	£ -
2013/14	£ -
2014/15	£ -
2015/16	
Inputs prior to 09/07/15	£ -
Inputs on or after 09/07/15	£ -
2016/17	£ -
2017/18	£ -
2018/19	£ -
2019/20	£ -
2020/21	£ -
2021/22	£ -
2022/23	£ -
2023/24	£ -

**Tapered Annual Allowance Details**

£	-
£	-
£	-
£	-
£	-
£	-
£	-
£	-
£	-

Input the taper figures here if known - or select relevant tab(s) to calculate.

### Summary Information for 2023 / 24

	Existing Inputs
Annual Allowance	£60,000
Total Inputs	£0
Unused allowance from this year	£60,000

Carry Forward available from:

2020/21	£40,000	
2021/22	£40,000	
2022/23	£40,000	£120,000

Chargeable Amount £0

See Carry Forward Workings for full calculations

## Tapered Annual Allowance Calculator 2023/24 Tax Year

Instructions:  
 Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant.  
 For income definitions see Pensions Tax Manual - PTM057100

		Adjusted Income	Threshold Income
Total Income (please remember to deduct net pay contributions from this figure)	<input style="width: 100px;" type="text" value="£0.00"/>	£0.00 -	£0.00 -
Allowable Reliefs	<input style="width: 100px;" type="text" value="£0.00"/>	£0.00 +	£0.00
Net Pay Contributions (including any s226 contributions)	<input style="width: 100px;" type="text" value="£0.00"/>	£0.00	-
Relief at Source contributions (Gross)	<input style="width: 100px;" type="text" value="£0.00"/>	-	£0.00
		+	
<b>Value of employer pension contributions</b>			
Employer Pension Contributions to Money Purchase	<input style="width: 100px;" type="text" value="£0.00"/>	£0.00 +	-
Total DB Pension Input Amount for year	<input style="width: 100px;" type="text" value="£0.00"/>	£0.00 -	-
Total gross employee contribution to DB scheme(s) included above	<input style="width: 100px;" type="text" value="£0.00"/>	£0.00	-
			+
Employment Income given up post 09/07/15 e.g. Salary Sacrifice - Remember to add the new employer contribution above	<input style="width: 100px;" type="text" value="£0.00"/>	-	£0.00 -
Taxable Lump Sum Death Benefits (Gross Value)	<input style="width: 100px;" type="text" value="£0.00"/>	£0.00	£0.00
<b>Totals</b>		£0.00	£0.00
Limit breached?		No	No
Is the Taper Triggered? Annual Allowance for 2023/24	No £60,000	Reset	
<p><b>Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.</b></p> <p><b>For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be roughly two thirds of the remaining AA that has been calculated.</b></p>			



**LETS GO LIVE.**

# Learning Objectives

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

Understand the theory for using the Extracting Company Profits and Annual Allowance tools

Demonstrate the inputs required for using the Extracting Company Profits and Annual Allowance tools

# Support



Articles



Videos



Tools &  
Calculators



Ask the Techs

# Thanks for your time

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





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