

YogaTax - Part of Whitefield Tax
Example of Tax Liabilities for a Company
2024-25 Tax rates (England and Wales)



Looking at Sole Trader v Company in More Depth

Assumptions

Directors salary set at £12,000 which is typically the most efficient level
 All profit is taken as dividend
 There is only one shareholder

Sole Trader Profit £25,000	£		£
Income Tax			
Personal Allowance	12,570	0.0%	-
Basic Rate tax on	<u>12,430</u>	20.0%	2,486
	<u>25,000</u>		
 Class 2 NI			
52 weeks @	-		-
 Class 4 NI			
Lower limit	12,570		
Charge on	<u>12,430</u>	6.0%	<u>746</u>
	<u>25,000</u>		
 Total Tax and NI			<u>3,232</u>

Company Profit £25,000

Corporation Tax			
Profit pre directors salary	25,000		
Directors salary	(12,000)		
Employers NI	<u>(400)</u>		
Profit for Corporation Tax	12,600	19.0%	2,394
Less Corporation Tax	<u>(2,394)</u>		
Profit after tax (=dividend in this example)	<u>10,206</u>		
 NI on Directors Salary			
Employers NI			
Employers Threshold	9,100		
Employers NI due on	<u>2,900</u>	13.8%	400
	<u>12,000</u>		
 Employees NI			
Employees Threshold	12,570		
Employees due on	<u>-</u>	8.0%	-
	<u>12,570</u>		

	Salary	Dividend	Dividend Tax %
Personal Allowance	12,000	570	

Dividend Allowance	-	500		
Basic Rate	-	9,136	8.8%	799
	<u>12,000</u>	<u>10,206</u>		
Total Tax and NI				<u>3,594</u>
Company saves Tax of				<u>(362)</u>

Sole Trader Profit £75,000

£

£

Income Tax				
Personal Allowance	12,570		0.0%	-
Basic Rate tax on	37,700		20.0%	7,540
Higher Rate tax on	<u>24,730</u>		40.0%	9,892
	<u>75,000</u>			
Class 2 NI				
52 weeks @	-			-
Class 4 NI				
Lower limit	12,570			
Upper limit	50,270			
Charge at Main Raate	37,700		6.0%	2,262
Charge at Excess Rate	<u>24,730</u>		2.0%	<u>495</u>
Total Tax and NI				<u>20,189</u>

Company Profit £75,000

Corporation Tax				
Profit pre directors salary	75,000			
Directors salary	(12,000)			
Employers NI	<u>(400)</u>			
Profit for Corporation Tax	62,600		20.5%	12,839
Less Corporation Tax	<u>(12,839)</u>			
Profit after tax (=dividend in this example)	<u>49,761</u>			
NI on Directors Salary				
Employers NI				
Employers Threshold	9,100			
Employers NI due on	<u>2,900</u>		13.8%	400
	<u>12,000</u>			
Employees NI				
Employees Threshold	12,570			
Employees due on	<u>12,570</u>		8.0%	-

	Salary	Dividend	Dividend Tax %
Personal Allowance	12,000	570	

Dividend Allowance	-	500		
Basic Rate	-	37,200	8.8%	3,255
Higher Rate	-	11,491	33.8%	3,878
	<u>12,000</u>	<u>49,761</u>		<u>7,133</u>
Total Tax and NI				<u>20,372</u>
Company saves Tax of				<u>(184)</u>