

## Example 1 – Business Profits £30,000

### Single Director Company

Not eligible for Employment Allowance in 2016/17

|  | Wages &<br>Dividend<br>2016/17 | Wages Only<br>2016/17 | Last Year<br>(Good<br>Times)<br>2015/16 |
|--|--------------------------------|-----------------------|---|
| Gross Wages                                | 8,060                          | 27,346                | 10,600                                  |
| Employer NIC's at 13.8% above £8112        | -                              | 2,654                 | -                                       |
| Employee PAYE & NIC's                      | -                              | 5,584                 | 304                                     |
| Employee Net Wages                         | 8,060                          | 21,762                | 10,296                                  |
| Corporation Tax                            | 4,388                          | -                     | 3,880                                   |
| Dividend                                   | 17,552                         | -                     | 15,520                                  |
| Personal Tax on Dividends                  | 721                            | -                     | -                                       |
| Total cost to Company                      | 30,000                         | 30,000                | 30,000                                  |
| Total of all Taxes paid to HMRC            | 5,109                          | 8,238                 | 4,184                                   |
| Net amount kept from £30,000               | 24,891                         | 21,762                | 25,816                                  |
| Proportion Paid to HMRC – “Effective Tax R | 17.00%                         | 27.50%                | 13.90%                                  |

Gross Wages plus Employers NIC cost the business 30,000 for full wage  
Assumes no income from other sources