

MARGINAL TAX RATES ON PROFITS EXTRACTED

YEAR TO 5 APRIL 2013

Marginal Tax Rates									
Corporation Tax Rate	20.00%	24.00%	25.00%	20.00%	24.00%	25.00%	20.00%	24.00%	25.00%
Income Tax Rate	20.00%	20.00%	20.00%	40.00%	40.00%	40.00%	50.00%	50.00%	50.00%

Effective Tax Rate on Profit Received by Business Owner									
Ltd Co - Salary	31.46%	31.46%	31.46%	49.03%	49.03%	49.03%	57.82%	57.82%	57.82%
Ltd Co - Dividend	20.00%	24.00%	25.00%	40.00%	43.00%	43.75%	48.89%	51.45%	52.08%
Ltd Co - Rent / Interest	20.00%	20.00%	20.00%	40.00%	40.00%	40.00%	50.00%	50.00%	50.00%
Ltd Co - Pension Scheme	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ltd Co - "Capital" (with ER)	28.00%	31.60%	32.50%	28.00%	31.60%	32.50%	28.00%	31.60%	32.50%
Ltd Co - Shareholder / Director Loan (but see note 2)	36.00%	38.40%	39.00%	36.00%	38.40%	39.00%	36.00%	38.40%	39.00%
LLP - Profit Share	22.00%	22.00%	22.00%	42.00%	42.00%	42.00%	52.00%	52.00%	52.00%
LLP - Pension Scheme	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

YEAR TO 5 APRIL 2014

Marginal Tax Rates									
Corporation Tax Rate	20.00%	23.00%	23.75%	20.00%	23.00%	23.75%	20.00%	23.00%	23.75%
Income Tax Rate	20.00%	20.00%	20.00%	40.00%	40.00%	40.00%	45.00%	45.00%	45.00%

Effective Tax Rate on Profit Received by Business Owner									
Ltd Co - Salary	31.46%	31.46%	31.46%	49.03%	49.03%	49.03%	53.43%	53.43%	53.43%
Ltd Co - Dividend	20.00%	23.00%	23.75%	40.00%	42.25%	42.81%	44.44%	46.53%	47.04%
Ltd Co - Rent / Interest	20.00%	20.00%	20.00%	40.00%	40.00%	40.00%	45.00%	45.00%	45.00%
Ltd Co - Pension Scheme	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ltd Co - "Capital" (with ER)	28.00%	30.70%	31.37%	28.00%	30.70%	31.37%	28.00%	30.70%	31.37%
Ltd Co - Shareholder / Director Loan (but see note 2)	36.00%	38.40%	39.00%	36.00%	38.40%	39.00%	36.00%	38.40%	39.00%
LLP - Profit Share	22.00%	22.00%	22.00%	42.00%	42.00%	42.00%	47.00%	47.00%	47.00%
LLP - Pension Scheme	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Note 1: Marginal National Insurance rates of 13.8% Employers and 2% Employees have been assumed.

Note 2: Must pay interest at 4% to avoid BIK income tax charge and 13.8% employers class 1A NIC.