

Salary vs Dividends to provide pension at no cost

All details are input in Light Blue boxes

1. Input clients name, taxpayer status & employer profit amount available.

2. Input company contribution - to be deducted from above amount available

Will calculate;
• Net amount available to be used for different options.

3. Select whether Employment NI Allowance is available

Name	Mr X
Taxpayer in?	UK (exc Scot)
Total employer cost	80,000.00
Company pension cont.	0.00
Employment Allowance?	No

All Salary	
Employer NIC	8,597.73
Gross salary	71,402.28
Deductions	
Tax on salary	15,992.91
Employee NIC	3,438.65
Total net income	£51,970.73
Company pension cont.	£0.00
Total Net Benefit to Client	64.96%

Small Salary & Dividends	
Employer NIC	478.86
Gross salary	12,570.00
Dividend	52,959.09
Deductions	
Tax on salary	0.00
Employee NIC	0.00
Tax on dividend	8,404.94
Total net income	£57,124.15
Company pension cont.	£0.00
Total Net Benefit to Client	71.41%

Combination	
Employer NIC	478.86
Gross salary	12,570.00
Dividend	45,180.34
Deductions	
Tax on salary	0.00
Employee NIC	0.00
Tax on dividend	5,779.61
Total net income	£51,970.73
Company pension cont.	£10,583.33
Total Net Benefit to Client	78.19%

These calculations show amount used;
• All towards a salary,
• NSI, & pension contribution
• Total net benefit for director as a %

These calculations show amount used;
• For a small salary & balance as divis
• NSI, & pension contribution
• Total net benefit for director as a %

These calculations show amount used;
• Combination of a small salary & divis
to provide same NSI as all salary option
• And balance as pension contribution
• Total net benefit for director as a %