

Annual Gross Income - Tax Breakdown & Comparison

Tax Year Ending

5th April 2019

Self-Employed Person

Self-Employed Profit = £50,000.00

INCOME TAX:

Tax Free Personal Allowance = £11,850.00

Total Taxable Income after Allowances = £38,150.00

- *Basic Rate Tax (first £34,500) at 20% = £6,900.00*
- *Higher Rate Tax (next £3,650) at 40% = £1,460.00*

Total Tax Deducted £8,360.00

NATIONAL INSURANCE CONTRIBUTIONS:

Class 4 National Insurance Contribution Allowance = £8,424.00

Income Subject to National Insurance Contributions = £41,576

- *Class 4 National Insurance Contributions (first £37,926.00) at 9% = £3,413.34*
- *Class 4 National Insurance Contributions (next £3,650.00) at 2% = £73.00*

Total Class 4 National Insurance Contributions Deducted £3,486.34

TOTAL TAX & NATIONAL INSURANCE CONTRIBUTIONS OWED TO HMRC = £11,846.34

NET INCOME RETAINED AFTER TAX & NATIONAL INSURANCE CONTRIBUTIONS = £38,153.66

Annual Gross Income - Tax Breakdown & Comparison

Tax Year Ending

5th April 2019

Limited Company Trader

Limited Company Profit Before Tax = £50,000.00

Wages Taken = £12,000.00 (Wages taken by owner under a Contract of employment)

CORPORATION TAX: - Due on remaining £38,000

Corporation Tax Main Rate at 19% = £7,220.00

Profits Retained Distributable as Dividends = £30,780.00

INCOME TAX CALCULATION:

Total Income Received = £42,780.00 (£12,000.00 as a wage & £30,780.00 as Dividends)

Tax Free Personal Allowance = £11,850.00

Dividend Allowance = £2,000.00

Total Taxable Income after Personal Allowance = £30,930.00

Basic Rate Tax (first £150.00) at 20% = £30.00 (ON EMPLOYED INCOME)

Total Taxable Dividend Income after Dividend Allowance = £28,930.00

Dividend Basic Rate Tax (on £28,780.00) at 7.5% = £2,158.50 (ON DIVIDEND INCOME)

Total Income Tax Deducted = £2,188.50

TOTAL CORPORATION TAX & INCOME TAX OWED TO HMRC = £9,408.50

NET INCOME RETAINED AFTER CORPORATION TAX & INCOME TAX = £40,591.50

TOTAL TAX & N.I.C. PAID ON £50,000.00 INCOME FROM SELF EMPLOYED INCOME = £11,846.34

TOTAL CORPORATION TAX & INCOME TAX PAID ON £50,000.00 LIMITED COMPANY INCOME = 9,408.50