

# TAX EFFICIENT PAYMENT STRUCTURE

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For Directors and Shareholders

## Tax Efficient Payment Structure

A combination of salary and dividends is usually the most tax-effective way of getting funds from a limited company. Salaries are an allowable expense, helping reduce the corporation tax bill and the first £2,000 of annual dividends is tax-free. Our fact sheet sets out your tax-efficient payment essentials.

**COMPANY**

**INDIVIDUAL**

**Salary**  
0% income tax/  
0% National Insurance  
(based on individual tax bands)

**Dividend**  
Taxed at 7.5%  
Basic Rate

