

Tax Saving Advice for Doctors and Consultants

Trade as a Limited Company and Save Tax....

A Limited Company is a legal entity in its own right that is owned by a shareholder(s) and ran by a director(s). Because it is a legal entity in its own right the shareholder(s) enjoys limited liability which generally means they are not liable for liabilities of the company. A limited company must have at least one shareholder and one director. The company shareholder(s) can also be the director(s).

Companies currently pay corporation tax on taxable profits at 21% (taxable profits up to £300,000). The company can pay out distributable profits as dividends which are subject to income tax on the shareholder(s). The shareholder(s) is only taxed on dividends paid out the company therefore leaving an option to retain profits in the company which can be later distributed as capital and subject to tax at just 10%.

A consultant trading through his/her own limited company can appoint their spouse as a director and allocate them a shareholding in the company. The spouse could receive a salary in order to utilise their tax-free personal allowance and dividends to utilise their basic rate tax band thereby saving tax on income which would otherwise be subject to higher rates of tax on the consultant. From 6 April 2010 the tax savings will be further maximised if the consultant's TOTAL income exceeds £100,000 due to implementation of a new legislation that withdraws one's personal allowances and even further where income exceeds £150,000 at which point a new 50% rate of tax applies. Your current total income will most likely be a combination of NHS salary and Private Practice profits.

We can do all the work for you, from setting up the limited company, dealing with the company's annual reporting obligations to Companies House, dealing with HMRC regarding all company matters, appointing directors, issuing shares, paying dividends etc.

Please contact us NOW and get your limited company trading status ready for the new tax year starting 6 April 2010 and start saving tax straightaway.