



Business Growth Accountants

Strategy ~ Accountancy ~ Tax



Publication: Buildersmerchantsnews.co.uk

Circulation: n/a

Date: 9 November 2009

The 50% tax backlash

Published: 09 November, 2009



MERSEYSIDE: Builders' merchants must plan now for April tax hikes or feel the pain, said accountants Woods Squared.

Alan Woods, director at Woods Squared said: "It is not always straight forward for smaller businesses to achieve tax efficiency as often they are not finance experts."

There are a number of solutions to reducing the tax take, he said. Tax on dividends is going up 10% to 42.5% so merchants can look at alternative forms of payment to the salary and dividend approach.

"Simple measures like this can go a long way to saving business owners a huge amount of tax," he said.

Government is withdrawing tax free allowances for anyone earning over £100k meaning those earning between £100k and £113k pay an effective tax rate of 60%, he said. "Higher rate pension relief will also disappear from 2011. So for business owners looking to make pension contributions it is worth planning to put more money into the pension pot now while the higher rate relief is still there," Woods said.