

An Additional £10,048 in take home pay for our contracting client

- Our client had been trading in his own limited company for 3 months before contacting us
- As a new contractor and with no knowledge of tax laws or the implications thereof, he wanted a proactive accounting partner who would be able to advise him how to extract the most income possible from his business

Read on to find out...

The Situation

Amokrane had set up his limited company expecting to invoice between £40-£50k per annum. As this value falls below the VAT threshold he had not considered VAT registration at all.

Amo had had no advice with regards to remuneration planning and had not registered for PAYE, nor was he claiming any allowable expenses through his business.

He was not keeping any records and was taking his entire invoicable amount from his company bank account every month, without putting anything aside for future tax bills.

Our Solution

We explained the financial benefits to him of registering for VAT on the flat rate scheme, and of registering for PAYE and beginning to draw a salary.

We advised him on which expenses he should be claiming through the business, and the benefits of doing this, before restructuring his income withdrawal in the most tax efficient manner.

Additionally we took the headache out of the paperwork by completing his bookkeeping and VAT returns for him, providing him with a profit and loss statement monthly.

We also advise him each month as to how much he can withdraw from the company in the most tax efficient manner, and how much he should set aside for company taxes at the end of the year to ensure there are no nasty surprises.

Result?

Having downloaded our FREE TaxApp, Amo now has all key dates, calculators and other relevant information at his fingertips.

Following our advice increased his company profits by around 11.5% and reduced his tax liability by around 7.5%.

Restructuring his personal income from the company increased his take home pay by over £10,000, or more than 20-25% of his gross income.

Amokrane is delighted with the advice he has received, the quality of service the team delivers and of course the additional income.

“I’m really grateful I was introduced to IN Accountancy when I was. Not only have they saved me a great deal of tax, but they have also taken away the worry and hassle of the financial administration so I can concentrate on what I enjoy and am good at - I’d definitely recommend IN” Amokrane Harroudj