



## INFORMATION SHEET

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## Incorporate your business and save tax!

If you are starting a new business – or own a small business - you should consider incorporating the business (setting up a limited company) to take advantage of a favourable tax situation.

Owners of limited companies can pay themselves dividends from the profits of the company and so save paying national insurance.

The structure of a limited company also provides the opportunity to include other people (particularly family members) as shareholders, allowing them to benefit from dividend payments in addition to perhaps receiving a small salary (and utilising personal allowances that might otherwise be wasted).

Corporation Tax main rate is 19% for the Financial Year beginning 1 April 2022 but for the Financial Year beginning 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate. Therefore it can be very attractive for higher rate tax payers; amongst other benefits the 'limited' structure allows them to ring fence the profits from their higher rates and choose when to distribute them - or to have them available for reinvestment in the business without having suffered tax at higher rates and national insurance contributions.

The cost of incorporation is around £200 and is very quick; the savings can be available to any business making profits where drawings, by whatever form, are subject to national insurance contributions; the benefits vary with turnover and profit and so should be reviewed properly before making a final decision.

We've been looking after small businesses (from start-ups to £10 million turnover) since 1989 and have clients who have been with us throughout. We can explain all of this to you in less than an hour, covering the main points including what benefits you can see and how you can save money.

**Please call or email to make an appointment – NO OBLIGATION OR CHARGE – to discuss your own situation and to see how we might help.**

*This is a general guide only not intended to replace specific advice relating to your circumstances:  
***please call or email for a free appointment****