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Can I pay family members through my business payroll?

Is a question that is regularly asked by new clients – and highlights an opportunity that can otherwise easily be overlooked.

The answer is that companies can claim tax deductions for expenses where they are “wholly and exclusively for the purposes of the trade” and therefore there is no reason why family members, including your children, can’t be paid provided the company gets value.

The family member can be employed in any capacity – filing, administration, cleaning company cars, IT – as long as they provide your business with a service.

The huge advantage is of course that you won’t need to find so much money to support them; the payments are tax deductible for the company, so saving business tax - and you are no longer paying them from your own income which has already suffered tax and national insurance.

For more tax saving tips contact us – we look forward to meeting you!

At OCL we have been looking after SMEs (start ups to turnovers of £3 million) for more than twenty years; we would be pleased to meet you to discuss any tax, financial and accounting matters that would help you, including how to save money.

See our website for more – and download our FREE guides

Call Marie Maggs or Mike Wilcox on 01225 445507 for a no-obligation meeting