

HATS OFF TO THE TAXMAN



If you own a small business there's a smarter way to buy life cover for yourself and your key employees.

With a relevant life policy the business makes the payments, not the person who's covered. That means you won't pay any national insurance contributions or income tax on the premiums but you still get the benefits of corporation tax relief.

How a relevant life policy can cut company costs			
Premium		Ordinary life cover	Relevant life policy
		£1,000	£1,000
Company gross cost	Employee's National Insurance contribution at 2%	£34	Nil
	Income tax @40%	£690	Nil
	Gross earnings needed	£1,724	£1,000
	Employer's National Insurance contribution at 13.8%	£238	Nil
	Total gross cost	£1,962	£1,000
Company net cost	Corporation tax relief at 19%	£373	£190*
Net cost		£1,589	£810*

Now that looks like a head start for your business.

Remember, this is based on our understanding of current tax law which could change in the future. Tax treatment depends on individual circumstances.

Source: *Assumes that corporation tax relief at 19% has been granted under the 'wholly and exclusively' rules. In both cases we've assumed a payment of £1,000 each year for the life cover on an employee who's paying income tax at 40% and employee's National Insurance at 2% on the top end of income. We've also assumed that the employer is paying corporation tax at the small profits rate of 19% and will pay employer's National Insurance at the contracted-in rate of 13.8%. These figures apply to those living in England, Wales and Northern Ireland. Different rates of income tax apply in Scotland.

To find the best way to protect you and your employees, talk to us today.

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If the policy has no investment element then it will have no cash in value at any time and will cease at the end of the term. If premiums are not maintained, then cover will lapse. The policy may not cover all the definitions of a critical illness. For definitions of a critical illness please refer to the key features and policy document. The value of the investment can go down as well as up and you may not get back as much as you put in.