

Limited Company vs Sole Trader

Net Income and Tax Comparison

Details	Option 1	Option 2	Option 3	Option 4
Sole Trader				
Profits from Self-Employment	25,000	50,000	75,000	99,999
Personal Allowance	(12,500)	(12,500)	(12,500)	(12,500)
Total Subject to Tax	12,500	37,500	62,500	87,499
Income Tax @ Basic Rate	(2,500)	(7,500)	(7,500)	(7,500)
Income Tax @ Higher Rate	0	0	(10,000)	(20,000)
Class 2 National Insurance	(156)	(156)	(156)	(156)
Class 4 National Insurance	(1,473)	(3,723)	(4,223)	(4,723)
Total Tax Payable by Sole Trader	(4,129)	(11,379)	(21,879)	(32,379)
Net Income After Tax	20,871	38,621	53,121	67,620
Limited Company				
Profit Before Tax and Salary	25,000	50,000	75,000	99,999
Salary	8,500	8,500	8,501	8,502
Profit Before Tax and After Salary	16,500	41,500	66,499	91,497
Corporation Tax	(3,135)	(7,885)	(12,635)	(17,384)
Dividends	13,365	33,615	53,864	74,113
Dividend Tax	(552)	(2,071)	(6,681)	(13,262)
Total Tax Payable Corporation Tax plus Dividend Tax	(3,687)	(9,956)	(19,316)	(30,646)
Net Income After Tax	21,865	42,115	62,365	82,615
Variance				
Tax benefit from trading via Limited Company	(442)	(1,423)	(2,564)	(1,733)
Additional net income from trading via Limited Company	994	3,494	9,244	14,994