



Sapphire
ACCOUNTING

FAQs

Directors Payroll



What is Directors Payroll?

The director of a limited company has the advantage of being able to run a director-only payroll which can be an efficient way to manage income. By paying themselves a low salary, they are able to pay less personal tax in their income.

How can Directors receive money from their business?

Directors can make pension contributions as well as dividend payments, which provide an efficient way for them to receive money from their business without paying high taxes, whilst also ensuring that the director receives a qualifying period towards their state pension.

Do Directors need an accountant for their payroll?

An expert accountant can help ensure that all salary payments, salary remuneration and other salaries are in line with HM Revenue & Customs (HMRC) rules.

What about dividends and National Insurance Contributions?

A company director may be able to pay out higher levels of dividends than those from an unincorporated business without incurring additional taxation liabilities. Furthermore, the employer's National Insurance Contributions for the company director may be lower than those of an individual running their own business as an unincorporated entity.

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