

## **INVESTING THROUGH YOUR COMPANY**

It is possible to invest funds through your company, but in most cases it would be more efficient to invest them in your own name.

Almost all investments are made out of post tax income. If you are a Higher Rate tax payer then the advantage in investing via your company is that the investment fund would only have been taxed at 21% Corporation Tax rates as opposed to 40% personal tax rates – this will not apply where an income stream is caught by IR35. However corporate investments are subject to a less favourable Capital Gains Tax regime, and in many cases this would mitigate any saving obtained by investing at a lower tax rate – for example, property investments are often inefficient when made via a company.

In the case of small scale speculative equity investments on the stock market the Capital Gains Tax regime again favours personal investment.

Another important consideration is keeping things simple – mixing investment activities with your contracting activities may complicate your company's administration.

Money set aside for tax purposes should never be invested in property, equity or mutual funds.

Surplus cash in your company, including tax savings, may be invested in a high interest account with no problem, although the account must be in the company name, not your name.

Investments and large cash balances in the company may lead to a less favourable tax treatment on closure of the company.

Investments held in your company name become subject to trade risks, eg if your company was faced with a large retrospective tax bill under IR35, or suffered a large bad debt.

We can put you in touch with experienced Financial Advisors to discuss investment opportunities.

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