Should I register for the VAT 'Flat Rate Scheme'?



Assumptions - Year ending 5 April 2017

Per Day

Daily Rate £110 plus VAT
Daily travel costs £15 including VAT

Per Week

Business costs £168 including VAT
Accountancy fee £20 Including VAT

Other

The individual operates through a company structure

Income is taken in the form of salary and dividends

The company elects to operate under the VAT Flat Rate Scheme (8% rate)

The individual works 5 days per week

The individual has his full personal tax allowance available

The company is not eligible for the NIC Employment Allowance

	VAT	Not VAT
	Registered	Registered
Weekly Calculation	£	£
Earnings 5 days X £110 = 550 + VAT @ 20%	660.00	550.00
Travel reimbursement	75.00	75.00
Less: VAT on Flat Rate Scheme at 8%	58.80	Nil
	676.20	625.00
Less: Business cost	168.00	168.00
Daily travel costs 5 days X £15 =	75.00	75.00
Accountancy fee	20.00	20.00
Employer's Class 1 National Incurance Contribution	7.66	7.66
Net income	405.54	354.34
Less: Company Tax	36.86	27.13
Net Income	368.68	327.20
Paid to Individual	£	£
Average Net Salary (after adjusting for Class 1 National Insurance)	204.75	204.75
Net dividend	157.14	115.67
Total Net Income paid to individual	361.89	320.42
Increased Take Home Pay - per week (by registering for VAT)	41.47	
Increased Take Home Pay - per year	2,156.54	