

Mortgage Rates have Increased

What does this have to do with accountancy?



Shareholders who own companies where the companies are significantly profitable and have reserves, there are options

- 1.** Paying off low interest rate mortgages and paying high dividend tax didn't make a lot of sense.
- 2.** However now mortgage rates have increased so paying more tax to pay off mortgages makes more sense.
- 3.** Ultimately investment decisions are down to the client but our role is explaining the consequences from a tax point of view.
- 4.** This is why we need to speak to clients more regularly who are in this category of personal earnings potentially between 50k and 100k.
- 5.** Going over 100k personal earnings and loss of personal allowance is still not going to make sense to pay off mortgages as the tax rate is too high.

So very much depends what director drawings and dividends are used for and what purpose.

What does this have to do with accountancy?

This is the kind of advice our firm give and can optimise financials and tax efficiency saving thousands in tax. The best way to tackle is via regular meetings and reviewing company profitability.

We give the options and the tax outcomes and the client makes an informed decision.