

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 12th FEBRUARY 2019**

Question

Will the Minister inform members what a single employee earning £40,000 a year will pay in tax and Social Security contributions along with the sums that would be paid by a self-employed person who earns the same amount but who has opted to incorporate as a self-employed company manager / owner?

Answer

An individual who an employee is earning £40,000 in 2019 would pay income tax of £6,396 (assuming he is not entitled to any other tax reliefs and allowances) and class 1 employee social security contributions of £2,400 on those earnings. The employer also pays £2,600 of class 1 employer social security contributions, bringing the total social security contributions paid to £5,000.

An individual who owned his own company and paid himself a salary of £40,000 in 2019 would pay income tax of £6,396 and class 2 social security contributions of £5,000 on that salary.

If that company pays a dividend rather than a salary, the answer above still applies. The dividend would be taxable and class 2 social security contributions would be due on it.