

# BUSINESSMEN LOOK TO LIMIT SALARIES FOLLOWING BUDGET

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Entrepreneurs will increasingly restrict their salaries and leave money locked in businesses in response to last week's Budget, according to former *Citywire Wealth Manager* cover star Jonathan Fry.

Fry, founder of Jonathan Fry & Co, said the 50% tax rate will result in a restructuring of assets among his entrepreneurial clients.

He said: 'Fortunately, our family office clients are typically entrepreneurs who are involved in the running of their own businesses so they will have the opportunity to restructure their affairs.'

'I would have thought they will be careful to restrict their salaries and think carefully at what income they are receiving and what income they actually need.'

According to Gary Heynes, the head of private clients at Baker Tilly, the moves are likely to include small family businesses sharing ownership between family members and receiving less salary and more dividend from the companies.

He also believes the tax changes will make people think twice about pension investments and look at other options, such as venture capital trusts and enterprise investment schemes.

Heynes said: 'Ownership of companies will be looked at more carefully. If in the family arrangements you can spread the shares out to other family members, taking the dividend out will allow you to spread the income around so it isn't concentrated on one person.'

He added: 'With an individual paying tax at 50% there is not much they can do to reduce that. But if you can take the dividend out of a company then the dividend payment will now be 36% for a 50% tax payer. And if you are a 40% tax payer then it is 26%.'



**Jonathan Fry:** Restructuring assets for his clients