

WHY USE A “BUCKET COMPANY”?

A “bucket company” allows you to “cap” the tax on profits distributed by a trust to 30% or 27.5%. This is much less than the individual top marginal rate of 47%!

Assume a trust earns \$250,000 in profits from business or investment.

- OPTION 1. Distribute profits 50 / 50 to Individuals 1 and 2. Total tax (inc. Medicare Levy) payable = \$72,434 (29%)
- OPTION 2. Distribute \$90,000 each to Individuals 1 & 2 and distribute balance of \$70,000 to a “bucket” company at a 27.5% tax rate. Total tax payable = \$62,284 (25%)

Value of strategy is \$10,150 in tax saved!



CONTACT US TODAY FOR ASSISTANCE TO REDUCE YOUR TAX!