

Limited Company Cheat Sheet

FAST FACTS

- ① As a limited company you would complete company accounts and corporation tax returns annually
- ① Your year will run from when you set the company up to a year later and you have 9 months after this date to file your accounts.
- ① Corporation tax is paid at 19% of company profits up to £50,000, and 25% on profits over £250,000.
- ① You will also complete personal tax returns to declare the income you've taken from the company.

How do I pay myself?!

Paying yourself is really simple, just send the money from your company account to your personal account. Paid.

We suggest paying a small monthly salary through the company and then taking the remainder of the money as dividends. The salary is up to the national insurance threshold and ensures you tick the boxes for state pension etc without paying any national insurance.

You can only take dividends if the company is in profit. Dividends are taxed at 8.75% in the lowest tax bracket and 33.75% in the higher rate. You can take these whenever you want it doesn't have to be your year end!

But the admin...what about all the admin?

You'll file annual accounts for the company each year. Once you past your year end your accountant should be in contact within a month or two to get the accounts started. You have 9 months to get them filed. Your corporation tax happens at the same time. During the year just keep on top of your outgoings and income. On your software or on spreadsheet, depends what you've chosen. There's also your confirmation statement once a year which takes 5 minutes and tells companies house about share holders and addresses.

Your personal tax has to be filed by 31st January each year. Again, your accountant will be in contact to say its tax return time and get it sorted for you. Doesn't seem so scary now does it?!

Remember....

Save tax as you go! Aim for 20% of every invoice. Hide it from yourself.

Keep hold of your receipts. We don't need to see them, HMRC might. For 7 years!

You can repay loans to yourself tax free as soon as the business has the money.

Don't use the business account as a personal account! Keeping spending separate.

If you lend the business money this is called a "directors loan".

