



LIMITED COMPANY SERIES

DORMANT GUIDE

DIRECTORS · DORMANT AND NEVER-TRADED

Dormant or never traded? **What you still have to file**

A reassuring, plain-English guide for directors who think "I have not done anything, so I have nothing to file." That feels right, and it is almost right, but not quite. Here is the one thing you still owe Companies House every year, the thing telling HMRC you are dormant does pause, and how to stay compliant cheaply. Every figure checked against current GOV.UK guidance.

NEVER TRADED?	DORMANT ACCOUNTS	COST TO STAY RIGHT
Still 1	Simple	Low

• READ THIS FIRST

Not trading does not mean nothing to file. But it is simpler than you fear

If your company has never traded, or has gone quiet, it is natural to assume there is nothing to do. Almost. The moment a company exists at Companies House it owes one filing a year, the annual accounts, whether or not it has earned a single pound. The good news, and it is genuinely good news, is that for a dormant company that filing is short, cheap, and quick, and the tax side can be switched off entirely. This guide shows you both.



THE REASSURANCE UP FRONT

You are right that a dormant company is much less work than a busy one. You are only wrong about one word: **"nothing"**. There is one filing you still owe, the **annual accounts at Companies House**, and for a dormant company it is the simple version. Telling HMRC you are dormant switches the tax return off. So the real answer is "almost nothing, done properly", not "nothing".

Dormant, at a glance

<p>COMPANIES HOUSE</p> <p>Yearly</p> <p>Annual accounts, even if dormant</p>	<p>THE EASY VERSION</p> <p>AA02</p> <p>Simple dormant accounts, no auditor</p>	<p>HMRC TAX RETURN</p> <p>Paused</p> <p>Once HMRC agrees you are dormant</p>	<p>LATE DORMANT ACCOUNTS</p> <p>£150+</p> <p>Same penalties as anyone else</p>
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01 ONE WORD, TWO MEANINGS

What "dormant" actually means

Before anything else, it helps to know what counts as dormant, because the word does a lot of quiet work. A company is dormant when it has had no significant accounting transactions in the financial period. In plain terms, nothing has moved in or out that the accounts need to record.

A company is **dormant** if it is not trading and has **no other income**, such as from investments. GOV.UK describes this as having no "significant accounting transactions" in the period. That is the test, and it is simpler than it sounds.

✓ What usually still counts as dormant

A company that has been set up but **never traded**. A company that has finished trading and is sitting quietly. The kind of small unavoidable items that do not break dormancy include the payment for your shares when the company was formed.

🕒 What breaks dormancy

Any real **business activity**: invoicing a customer, buying or selling, earning bank interest or investment income, or paying for services through the company. Once money is moving for the business, the company is trading and the dormant shortcuts no longer apply.



ONE WORD, BUT TWO ORGANISATIONS DECIDE IT SEPARATELY

This is the part to hold on to. "Dormant" means something slightly different to **Companies House** and to **HMRC**, and you deal with them separately. Being dormant for one does not automatically settle the other. The next two pages take each in turn, so nothing is missed.



WHY THIS MATTERS TO YOU

Getting the definition right is what lets you use the cheap, simple route. A genuinely dormant company files the short dormant accounts and can switch its tax return off. The moment it has traded, even a little, it files normal accounts and a tax return instead. So the first job is honestly checking which side of the line you are on.

02 THE FILING YOU STILL OWE

Companies House: you still file accounts, but the easy version

Here is the one obligation a dormant company cannot skip, and the reassuring news about how little it takes. Companies House wants annual accounts every year for as long as the company exists. For a dormant company, those accounts are short and simple.

GOV.UK is direct about it: you must file annual accounts with Companies House **even if your company is dormant**. The relief is that a qualifying dormant company files simple **dormant accounts**, not the full set.

The simple dormant accounts (AA02)

A company **limited by shares that has never traded** can file form **AA02**, the dormant company accounts. It is a short form, you do **not** need an auditor, and there is no Corporation Tax to work out on it. It is one of the quickest filings a company ever makes.

Every year, for as long as it exists

The catch most people miss is the word **every**. This is not a one-off. A dormant company files its accounts once a year, every year, until you either start trading again or formally close it. Quiet does not mean finished.

When the dormant accounts are due

THE FILING	GOES TO	THE DEADLINE
Dormant annual accounts (AA02)	Companies House	9 months after your financial year end (21 months after registration for the first set)

Source: GOV.UK, Dormant companies and associations, and Accounts for private limited companies. 2026/27.



THE HONEST SUMMARY OF THIS PAGE

A dormant company still files, yes, but it is the short version, with no auditor and no tax to calculate. For most directors it is a few minutes of admin once a year. That is the whole obligation on the Companies House side.

03 THE PART YOU CAN SWITCH OFF

HMRC: telling them you are dormant pauses the tax return

Now the genuinely good news. The Corporation Tax side can be switched off completely while the company is dormant. You tell HMRC once, HMRC agrees, and the Company Tax Return stops until the company is active again.

Separately from Companies House, you can **tell HMRC the company is dormant for Corporation Tax**. Once HMRC agrees, you do not pay Corporation Tax or file another Company Tax Return for the dormant period, unless HMRC sends a fresh notice or the company starts trading again.

✓ How to tell HMRC

You let HMRC know the company is dormant, online or by phone or post, giving the date it stopped trading or that it has never traded. If HMRC has already sent a notice to deliver a return, you may need to **file one final Company Tax Return** up to the dormant date first. After that, the returns stop.

🕒 What actually stops

Once HMRC accepts dormancy, **no further Company Tax Return is due** and no Corporation Tax is payable, for as long as the company stays dormant. When it starts trading again, you simply tell HMRC it is active and the return restarts.



DORMANT PAUSES THE HMRC RETURN, NOT THE COMPANIES HOUSE ACCOUNTS

This is the single line directors get wrong, so it is worth saying plainly. Telling HMRC you are dormant stops the **Company Tax Return** only. It does **not** stop your annual accounts, which are still due at Companies House every single year. Two organisations, one word, and only HMRC lets you off a filing.



SO, PUT TOGETHER

A dormant company files its **simple accounts at Companies House every year**, and files **no Company Tax Return at HMRC** once HMRC has agreed it is dormant. That is the whole picture. One yearly filing, kept short, and the tax side switched off.

04 WHAT HAPPENS IF YOU DO NOTHING

If you ignore even the dormant accounts

None of this is meant to alarm you, but it is fair to know what sits on the other side of doing nothing, because it is the reason the small yearly filing is worth keeping up. The penalties for late dormant accounts are exactly the same as for any other company, and ignoring them long enough leads somewhere you do not want to go.

A dormant company that files its accounts late picks up the **same late-filing penalties as a trading one**. A company that never made a penny can still be fined simply for filing its dormant accounts late. Here are the figures in full, so there are no surprises.

Companies House, late annual accounts (private company)

HOW LATE THE ACCOUNTS ARE	PENALTY	IF LATE 2 YEARS RUNNING
Up to 1 month	£150	£300
More than 1 month, up to 3 months	£375	£750
More than 3 months, up to 6 months	£750	£1,500
More than 6 months	£1,500	£3,000

Source: GOV.UK, Late filing penalties (Companies House). The penalty doubles if accounts are filed late two years in a row. These apply to dormant companies in full.



AND THEN, EVENTUALLY, STRIKE-OFF AND A FROZEN ACCOUNT

If the accounts simply never arrive, Companies House can **compulsorily strike the company off** the register against your wishes. At that point the company ceases to exist, its **bank account can be frozen**, and anything it still owns can pass to the Crown. It is entirely avoidable, which is the point: the short yearly filing keeps you well clear of all of this.



THE CALM TAKEAWAY

Penalties stop climbing the moment you file, and they never start at all if the simple accounts go in on time. Keeping a dormant company compliant is a few minutes a year. Letting it drift is what gets expensive.

05 THE CLEAN WAY TO FINISH

Want to close it for good? The clean way

If you have decided the company has served its purpose and you would rather not file anything ever again, there is a proper way to close it, and it is straightforward. The one approach to avoid is simply walking away and hoping it fades, because that is what triggers the messy outcomes on the last page.

To close a solvent company you apply for **voluntary strike-off** using form **DS01**, signed by a majority of directors. It costs **£13 to apply online** (£18 by paper). The order matters: bring your accounts and Corporation Tax up to date with HMRC **first**, then apply.

✓ Do this before you apply

GOV.UK is clear on the sequence. Prepare and file your **final accounts and a final Company Tax Return** with HMRC, marked as final, and **pay any Corporation Tax** due. Then send a copy of the DS01 within **7 days** to anyone affected, such as shareholders and creditors.

🛡️ Why the order matters

HMRC or other interested parties can **object to the strike-off** if returns or tax are outstanding, which simply stalls the closure. Clearing the loose ends first is the fast route, not the slow one. For a never-traded company there is usually very little to clear.



DO NOT JUST STOP FILING AND WALK AWAY

Abandoning a company does not close it. It can be **compulsorily struck off** against your wishes, the **bank account frozen**, and anything it still owns, including any future tax refund, can **pass to the Crown** as ownerless property. Getting it back means restoring the company, which is far more work than closing it cleanly in the first place.



NOT SURE WHETHER TO CLOSE OR KEEP IT DORMANT?

If you might use the company again one day, keeping it dormant and filing the simple yearly accounts is often cheaper than closing it now and forming a new one later. We can talk you through which makes sense for your plans, with no pressure either way.

06 TICK IT OFF

What to do if your company is dormant

Print this page. Work through it in order. The first block confirms you are genuinely dormant, the middle blocks deal with the one filing you owe and switching the tax off, and the last keeps you compliant or closes the company cleanly.

Confirm you are genuinely dormant

- Check the company has had **no significant accounting transactions** in the period START HERE
- Confirm there is **no trading and no other income** (such as bank interest)
- Find your **company number** and check the public register for overdue accounts
- Note which **annual accounts** year is outstanding, if any

File the accounts you still owe

- Find your **Companies House authentication code**, or request a new one ~5 DAYS
- If limited by shares and never traded, prepare the simple **dormant accounts (AA02)** THE EASY ONE
- File the dormant accounts by the **9-month deadline** (21 months for the first set)
- Check the public record shows the accounts as **accepted**

Switch off the tax return

- Tell **HMRC the company is dormant** for Corporation Tax PAUSES RETURN
- If HMRC issued a notice, file **one final Company Tax Return** up to the dormant date
- Get HMRC's **confirmation in writing** that no further return is due
- Remember to tell HMRC again if the company **starts trading**

Stay compliant, or close it cleanly

- Set a **yearly calendar reminder** for the dormant accounts deadline
- Sign up for **email reminders** from Companies House
- Decide: **keep it dormant**, or close it for good
- To close, bring everything up to date then file **DS01** (£13 online) NOT IGNORE
- Copy the **DS01 to affected parties** within 7 days



YOU DO NOT HAVE TO DO THIS ALONE

If any line below makes you pause, that is exactly where most directors hand it over. For a dormant company the work is small, and the fee is too. We file the simple accounts, square things with HMRC, and keep it compliant year after year so you can stop thinking about it.



— FREE 30-MINUTE DORMANT COMPANY REVIEW

Keep it compliant for **next** **to nothing**

Book a free, no-obligation call and a CIMA-qualified accountant will confirm whether your company is genuinely dormant, file the simple accounts for you, switch the tax return off with HMRC, and keep it compliant year after year. If you would rather close it, we handle the clean strike-off too.

- ✓ We confirm you are genuinely dormant and tell you exactly what is owed
- ✓ We file the simple dormant accounts and switch off the HMRC tax return for you
- ✓ We keep it compliant each year, or close it cleanly with a proper DS01
- ✓ Reviewed by a **CIMA-qualified** accountant (ACMA, CGMA)

★★★★★ 4.9 on Google · 56 reviews



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zmartly.co.uk/contact

Or call **020 8175 5145** · info@zmartly.co.uk
Mon–Fri, 9am–5pm

About this guide. Reviewed by Harvey Dhillon, ACMA CGMA. Dormant company rules, the AA02 dormant accounts, late-filing penalties, the dormant-for-Corporation-Tax process and the DS01 strike-off process verified against GOV.UK for the 2026/27 tax year. This guide is general information, not advice for your specific circumstances; rates and thresholds can change. Always confirm your position with a qualified accountant before acting. © Zmartly 2026.