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LIMITED COMPANIES

ZMARTLY FACTSHEET SERIES

Just Started a Limited Company? Your First-Year Essentials

A calm, plain-English walk through everything a brand-new director needs to sort in the first weeks and months, from registering for Corporation Tax to paying yourself the smart way, with every figure checked against current GOV.UK guidance.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **8 March 2026** · Sources: gov.uk

CORPORATION TAX	DIVIDEND ALLOWANCE	DIVIDEND TAX	VAT THRESHOLD	MILEAGE (CAR)
19% – 25%	£500	10.75% · 35.75% · 39.35%	£90,000	55p / 25p per mile

01 The four things to sort first

The first few months set the tone for your whole year. Get these in place early, while everything is still simple, and the rest of the year is far easier to run.

- Register for Corporation Tax with HMRC within 3 months of starting to trade
- Open a business bank account in the company name, straight away
- Set up simple bookkeeping and record every sale and cost from day one
- Note your accounting reference date, the year end set when you incorporated

GOOD TO KNOW
The 3-month Corporation Tax clock starts when you begin doing business, which includes buying, selling, advertising or employing, not just your first invoice.

02 Your annual filing cycle

Three filings repeat every year, plus the tax you actually pay. Diarise each date the day you know your year end and most of the stress disappears.

- Annual accounts to Companies House, 9 months after year end (21 months for the first set)
- Confirmation statement to Companies House, at least once a year, £50 to file online
- Company Tax Return (CT600) to HMRC, 12 months after the period end
- Pay your Corporation Tax to HMRC, 9 months and 1 day after the period end

GOOD TO KNOW
You pay Corporation Tax before you file the return that works it out, so calculate the bill early, well before the payment date.

03 Paying yourself the tax-smart way

Company money is not your money until you take it out properly. Most owner-directors use a small salary plus dividends, which is usually more efficient than salary alone.

- A low salary around the personal allowance is tax-free to you and deductible for the company
- Dividends come from profit the company has already paid Corporation Tax on, with no National Insurance
- Each dividend needs enough retained profit, a board minute and a dividend voucher

GOOD TO KNOW
Dipping into the company account for personal spending is not a dividend, it is a director loan, which can carry its own tax charge.

04 What you can claim from day one

Every genuine business cost reduces the profit you pay Corporation Tax on. The rule is simple: a cost must be incurred wholly and exclusively for the business.

- Allowable expenses such as software, phone, stock, marketing and professional fees
- Pre-trading costs from up to 7 years before, treated as incurred on your first day
- The Annual Investment Allowance relieves equipment in full, up to £1m a year
- Use of home at a flat £6 a week, and business mileage at 55p then 25p per mile

GOOD TO KNOW
Dig out early receipts: the laptop, the website and the formation fee are usually claimable as pre-trading costs.

05 Thresholds to watch, and mistakes to dodge

Two thresholds change your obligations as the company grows, and a handful of avoidable mistakes cost new directors money in year one.

- Register for VAT once taxable turnover passes £90,000 over any rolling 12 months
- Set up PAYE before you pay a salary above the threshold or employ anyone
- Never mix personal and company money, which creates a director loan and a possible s455 charge
- Never pay a dividend with no retained profit, which can be reclassified and taxed as salary

GOOD TO KNOW
VAT is a rolling test, not a year-end one. Watch the running total so late registration never costs you the VAT out of your own pocket.

Common questions

How long do I have to register for Corporation Tax?

You must tell HMRC your company is active within 3 months of starting to do business. That includes buying, selling, advertising, renting premises or employing someone, not just issuing your first invoice. Miss it and HMRC can charge a penalty.

When are my first company accounts due?

Your first set of accounts is due 21 months after the date you registered with Companies House. After that, annual accounts are due 9 months after each year end.

Should I pay myself a salary or dividends?

Most owner-directors use a small salary around the personal allowance plus dividends, which is usually more efficient than salary alone because dividends carry no National Insurance and are taxed at lower rates. The exact split depends on your total income.

Do I need a separate business bank account?

Yes, in practice. A limited company is legally a separate person from you, so paying personal costs from the company account creates a director loan to unpick later. One clean business account from day one saves hours at year end.

NEXT STEP

Get expert eyes on your tax

Book a free 30-minute Tax Health Check — we review your situation, sense-check the figures and show you where you could save.

Scan to book a free call

For guidance only — this factsheet does not constitute professional advice and is not a substitute for advice based on your specific circumstances. Whilst every care has been taken in its preparation, it may contain errors for which we cannot be responsible. Figures are for the 2026/27 UK tax year (England, Wales & Northern Ireland) and may change. Scottish taxpayers face different income tax rates; dividend rates are UK-wide. Last reviewed 8 March 2026.

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