



LIMITED COMPANY SERIES

YOUR FIRST YEAR

LIMITED COMPANIES · YOUR FIRST YEAR

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. Every figure checked against current GOV.UK guidance.

REGISTER FOR CT WITHIN	FILE ACCOUNTS WITHIN	VAT THRESHOLD
3mo	9mo	£90k

• WELCOME

Congratulations, you are a company director. Here is what to sort first

You may already have an accountant, and that is great. This guide is a free, genuinely useful reference either way. The first few months set the tone for your whole year, so here are the four things to get in place early, while everything is still simple.

<p>REGISTER FOR CT</p> <p>3^{mo}</p> <p>Of starting to trade</p>	<p>BANK ACCOUNT</p> <p>Day 1</p> <p>Separate from personal</p>	<p>BOOKKEEPING</p> <p>Week 1</p> <p>Track every penny</p>	<p>YEAR END</p> <p>ARD</p> <p>Note your accounting date</p>
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✓ **The four first moves**

FIRST MOVE	WHAT TO DO	WHEN
Register for Corporation Tax	Tell HMRC the company is active and add Corporation Tax to your business tax account	Within 3 months
Open a business bank account	A separate account in the company name, so company money never mixes with yours	Straight away
Set up simple bookkeeping	Record every sale and cost from day one, with a receipt or invoice behind each	From day one
Note your accounting reference date	Your year end, set automatically to the end of the month you incorporated in	Check now

Sources: GOV.UK, Set up a private limited company (register for Corporation Tax) and Running a limited company. Your accounting reference date is the last day of the month you incorporated in for your first year.



THE 3-MONTH CLOCK HAS ALREADY STARTED

You must register for Corporation Tax 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, so add Corporation Tax to your business tax account early. While you are at it, open a **separate business bank account**: a company is legally its own person, and paying personal costs from its account creates a **director's loan** to unpick later.

01 THE RHYTHM OF THE YEAR

Your annual filing cycle, in one table

Three filings repeat every year, plus the tax you actually pay. Once you know the rhythm it is easy to stay ahead. Diarise each date the day you know your year end, and most of the stress disappears.

WHAT	WHO TO	DEADLINE
Annual accounts	Companies House	9 months after year end
First accounts	Companies House	21 months after incorporation
Confirmation statement	Companies House	At least once a year
Company Tax Return (CT600)	HMRC	12 months after period end
Pay your Corporation Tax	HMRC	9 months and 1 day after period end

Sources: GOV.UK, Prepare and file annual accounts (deadlines), File your confirmation statement, and Corporation Tax. The first set of accounts is due 21 months after the date you registered with Companies House.



THE QUIRK THAT CATCHES NEW DIRECTORS

You pay Corporation Tax **before** you file the return that works it out. Payment is due 9 months and 1 day after your period ends, but the CT600 itself is not due until 12 months after. So work out the bill early, well before the payment date, not the filing date.

The confirmation statement, in plain terms

The confirmation statement is a yearly check-in that tells Companies House your details are still correct: registered office, directors, shareholders and your people with significant control. It does **not** contain figures, it simply confirms the public record. You file it at least once every 12 months and it costs **£50** to file online.



TWO DEADLINES, ONE DATE IN YOUR DIARY

Your accounts and your Company Tax Return both flow from the same year end, but they go to **different places** and on **different timescales**. Set one reminder for the Companies House accounts at 9 months, and a separate one for HMRC at 9 months and 1 day to pay. Filing late triggers automatic penalties from both.

02 SALARY AND DIVIDENDS

Paying yourself the tax-smart way

Company money is not your money until you take it out properly. Most owner-directors use a mix of a small salary and dividends, which is usually more efficient than salary alone. Here are the basics, in plain terms.

A low salary

Many directors set a salary around the **£12,570** personal allowance. Up to that point there is no income tax, and the salary is a deductible cost for the company. The exact level is a deliberate trade-off with Employer's National Insurance, so worth a quick check.

Then dividends

On top of salary you take **dividends** from profit the company has already paid Corporation Tax on. There is no National Insurance on dividends and they are taxed at lower rates than salary, which is why the mix usually wins.

DIVIDEND TAX 2026/27	APPLIES TO	RATE
Dividend allowance	First slice of dividends, tax free	£500
Basic rate	Dividends within the basic-rate band	10.75%
Higher rate	Dividends within the higher-rate band	35.75%
Additional rate	Dividends above the higher-rate band	39.35%

Source: GOV.UK, Tax on dividends. The £500 dividend allowance and the rates of 10.75%, 35.75% and 39.35% apply for the 2026/27 tax year.



DIVIDENDS COME FROM PROFIT, WITH PAPERWORK

You can only pay a dividend if the company has enough **retained profit** after Corporation Tax. Each dividend needs a board minute and a dividend voucher. Paying one when there is no profit is an **unlawful dividend** that HMRC can reclassify, so check the figures before you transfer the money.



KEEP COMPANY AND PERSONAL MONEY APART

Decide your salary and dividends, run them properly, and move that money across deliberately. Dipping into the company account for personal spending is not a dividend, it is a **director's loan**, and it can carry its own tax charge (see Section 05).

03 ALLOWABLE COSTS

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. Here are the reliefs new directors most often miss.

RELIEF	WHAT IT COVERS	RATE
Allowable expenses	Day-to-day running costs: software, phone, stock, marketing, professional fees	Full business cost
Pre-trading costs	Genuine costs in the run-up to trading, treated as incurred on day one	Up to 7 years before
Annual Investment Allowance	Equipment, computers, tools and machinery, relieved in full in the year of purchase	100% up to £1m
Use of home	Flat rate where you work from home, with no need to split household bills	£6 / week
Business mileage	Your own car used for business journeys, claimed per mile	55p then 25p

Sources: GOV.UK, Capital allowances (Annual Investment Allowance), Claim tax relief for your job expenses (working from home), Expenses and benefits: business travel mileage. Car mileage is 55p for the first 10,000 business miles and 25p above that from 6 April 2026.



DIG OUT THOSE EARLY RECEIPTS

Costs you met wholly and exclusively for the business in the **7 years** before you started trading are usually treated as incurred on your first day of trading. The laptop, the website, the company formation fee: gather the receipts and claim them.



EQUIPMENT IS RELIEVED IN FULL, IN YEAR ONE

Buy a £2,000 laptop and the Annual Investment Allowance lets the company deduct the whole £2,000 from its profits this year, not a little each year. The allowance covers up to **£1 million** of qualifying kit, far more than most new companies will ever need. Cars are the exception and are claimed differently.

04 AS YOU GROW

Thresholds to watch, and the 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. Know both and you stay ahead of the curve.

THRESHOLD	WHAT TRIGGERS IT	THEN YOU MUST
VAT registration	Taxable turnover passes £90,000 in any rolling 12 months	Register for VAT
PAYE	You employ someone or pay a salary above the threshold	Set up PAYE with HMRC

Sources: GOV.UK, VAT registration (when to register) and PAYE and payroll for employers. The VAT registration threshold is £90,000 of taxable turnover.



VAT IS A ROLLING TEST, NOT A YEAR-END ONE

You must register once your taxable turnover passes **£90,000** over **any** 12 months, not just your accounting year. Watch the running total and register on time, because late registration means paying the VAT you should have charged out of your own pocket.

✓ **The first-year mistakes that cost new directors**

THE MISTAKE	WHY IT BITES
Mixing personal and company money	Creates a director's loan; if overdrawn and unpaid 9 months after year end, a 35.75% s455 charge applies
Missing Corporation Tax registration	A penalty for not telling HMRC the company is active within 3 months of trading
Keeping no records	No receipts means missed claims and a harder, costlier year end
Paying illegal dividends	Dividends with no retained profit can be reclassified and taxed as salary
Missing deadlines	Companies House and HMRC both charge automatic late-filing penalties

Sources: GOV.UK, Directors' loans (you owe your company money), Corporation Tax, and Running a limited company. The s455 charge is 35.75% for loans made on or after 6 April 2026, matching the dividend upper rate.

06 TICK IT OFF

Your new-company first-year checklist

Print this page. Work through it in your first weeks, then keep it by your desk through the year. Each ticked box is one less thing to worry about, and one less way to get caught out.

🕒 First weeks

- Register for **Corporation Tax** with HMRC 3 MONTHS
- Open a **business bank account** in the company name
- Set up **simple bookkeeping** from day one
- Note your **accounting reference date** (year end)
- Gather **pre-trading receipts** from the last 7 years

📅 Filing diary

- Diarise **accounts**: 9 months after year end (21 months for first set) KEY DATE
- Diarise the **confirmation statement**, £50 to file online
- Diarise the **CT600**: 12 months after period end
- Diarise **Corporation Tax payment**: 9 months and 1 day after period end

👤 Paying yourself

- Decide your **salary** around the £12,570 allowance
- Take **dividends** only from retained profit
- Keep a **board minute and voucher** for each dividend
- Never **mix** company and personal money AVOID S455

✅ Claims and thresholds

- Claim **allowable expenses** with a receipt behind each
- Use the **£1m AIA** on equipment, relieved in full
- Claim **use of home** at £6/week and **mileage** at 55p/25p
- Watch the **£90,000 VAT** threshold over any 12 months WATCH
- Set up **PAYE** before you pay a salary or employ



RUN YOUR FIRST YEAR BY THIS LIST

Even if you have an accountant, work through this checklist yourself. It is the simplest way to make sure nothing slips through, your money stays clean, and every deadline is in your diary before it matters.



— FREE NEW-COMPANY REVIEW CALL

Start your first year **right**

Book a free, no-obligation call and a CIMA-qualified accountant will check your setup, your deadlines and your salary-and-dividend plan, and tell you in plain English what to do next. Even if you have an accountant, it is a useful second look.

- ✓ A quick check that your Corporation Tax registration and year end are in order
- ✓ A clear salary-and-dividend plan for taking money out tax-efficiently
- ✓ Your first-year deadlines mapped out, with no jargon and no charge
- ✓ Reviewed by a **CIMA-qualified** accountant (ACMA, CGMA)

★★★★★ 4.9 on Google · 56 reviews



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About this guide. Reviewed by Harvey Dhillon, ACMA CGMA. Figures 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.