

# CLARITY ACCOUNTING

## FREQUENTLY ASKED QUESTIONS

**Unsure of something? Find answers to the most commonly asked questions here.**

## **Limited Companies**

### **What are my responsibilities as a director?**

As a director you must follow the company's rules as shown in its articles of association, you must keep certain company records for at least six years. For further details visit HMRC's website [here](#).

### **How do I take money from my limited company?**

It is usually more tax efficient to take a small salary from the company and to take the remainder as dividends.

### **What is a dividend?**

A dividend is a payment from company profits (after tax) to its shareholder(s).

### **What is a confirmation statement?**

The confirmation statement simply notifies Companies House and the public as to the current company appointments, such as directors and shareholders.

### **How do I close my limited company?**

You must cease trading in order to stop incurring expenses and generating sales, you can then decide if you wish to make the company dormant or strike it off and dissolve it formally.

# Tax

## How much tax will my company pay?

Company tax (known as Corporation Tax) is currently set at 19% (2020/21). This means that any profits made during your financial period will be taxed at 19%.

## When do I pay my Corporation Tax?

Your Corporation Tax is due no later than 9 months and 1 day after your financial year end. Failure to pay your Corporation Tax on time could result in penalties and fines to the company.

## What is the tax year?

The tax year is the period on which you are taxed by HMRC. In the UK, the tax year is 6th April to 5th April each year. A company can have a different financial year depending on when they started trading.

## When do I need to register for VAT?

You must register for VAT when your turnover exceeds the current years' threshold (2020/21 £85,000). However it's possible to register for VAT voluntarily before you reach this threshold. This could be beneficial if your customers are registered for VAT also.

## What is a UTR number?

A UTR or Unique Tax Reference is a number assigned to your company by HMRC, this number is assigned automatically after the company is registered with Companies House. HMRC will send you a letter containing your UTR number, please note that if you are a director you will have your own UTR number.