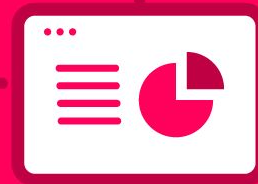


# What taxes do I pay?

A webinar for Limited Company directors



# Why are we qualified to help?

- We have helped tens of thousands of people in your situation
- Over 1,300 advisor calls each month with advice on business structure
- Huge bank of resource and support

May 2019 alone:

- Almost 500,000 visits to our free Knowledge guides and articles



**Crunch.**

# Accountancy software & service

Built around you

## Personal Accounting

- Sole trader
- Self-employed
- Additional income workers
- Self-assessment

## Limited Company Accounting

- Contractors
- Consultants
- Freelancers
- Ltd companies

## Small & Growing Businesses

- Your own dedicated accountant
- Your own dedicated bookkeeper
- Payroll for up to 10 employees
- Face-to-face video meetings

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# Setting up a limited company

1. Choose which type of company to set up (LTD, LLP, PLC?)
2. Pick your name
3. Supply your details to Companies House (or use formation agent)
4. Complete the incorporation process

# Corporation Tax

- Corporation Tax (19% for 2019/20) is applied to limited company profits after salaries and other business expenses have been paid, but before dividends are withdrawn.
- UK-based limited companies are required to submit an online form to HMRC annually called a CT600. This contains details of your company's income, minus any tax allowances and expenses.
- Companies House will also need a company's "Full Accounts" uploaded to provide transparency on the public register.

# Paying your Corporation Tax

- You can no longer pay at a Post Office.
- Setup & log into your HMRC online account and choose a payment method.
- You can choose from online or telephone payment, direct debit, via your bank, or company credit card.
- You cannot use a personal credit card.

# Paying your Corporation Tax

- Any Corporation Tax you owe must be paid by nine months and one day after your company's accounting period ends (a date known as your company's 'year-end').
- You have the option to pay at any time during this period, but we highly recommend getting this out of the way as soon as possible to avoid fines.
- CT600 must have been filed with HMRC in order to get the relevant Payment Reference Number you need to ensure the correct period is paid for.

# Reducing your Corporation Tax bill

1. Claim all your allowable expenses
2. Don't forget to pay yourself
3. Surprise HMRC with an early payment and they'll owe you interest!



# Income Tax

- Income Tax is paid on certain types of income you personally receive, such as salary and dividends and rental income.
- Income Tax is not payable on any income from the sale of assets, such as share disposals or if you sell a property which is not your main residence – this would be taxed under **Capital Gains**.

# Paying your Income Tax

- If you're a limited company director and draw a salary above the annual personal allowance, Income Tax will be paid at source through your company's PAYE scheme.
- Any dividends you take from the company are taxed through your annual Self Assessment, which has to be completed by all company directors.

# Payment on Account

- HMRC runs a system called “payment on account” for those who pay most of their tax through Self Assessment.
- If more than 80% of your income gets taxed through PAYE, then this won’t apply to you.
- If your Self Assessment bill is more than £1,000, you’ll need to make a payment on account.
- This means that, in addition to the 2018/19 bill that you need to settle by midnight on 31st January 2020, you also need to pay half of your total expected 2019/20 tax by the same deadline.
- The other half of the 2018/19 bill is then due on 31st July 2019.

# National Insurance

- National Insurance contributions build up your state pension entitlement and help pay for public services.
- You're only required to pay National Insurance if you are over 16 and are making a profit equal to or above the primary threshold (£8,632 annually, or £719.33pm, in 2019/20).
- As with Income Tax, if you're a limited company director, any National Insurance contributions due will be taken via PAYE.

# VAT

- Value Added Tax (VAT) is added to the price of most goods and services.
- Companies are not automatically registered for VAT and don't need to register unless their annual turnover exceeds the VAT threshold (£85,000 in 2019/20).

# VAT (continued)

- VAT-registered companies must charge VAT to customers.
  - Can reclaim any VAT that they have paid on business expenses if on the Standard VAT Scheme.
  - Can only claim VAT back on Fixed Assets valued £2,000 (inc. VAT) on the Flat Rate VAT Scheme, but you pay HMRC a lower % of VAT so that you generate Flat Rate Income.

# Paying VAT

- VAT is paid quarterly from the date of your company's registration. VAT returns must be submitted to HMRC and paid online within 37 days of the end of the relevant quarter.
- Since 1st April 2019, all VAT registered businesses will need to use 'Making Tax Digital' compatible software (such as **Crunch**).
- If you're registered for VAT, you must submit a return even if you've no VAT to pay or reclaim.

# What is the VAT Flat Rate Scheme?

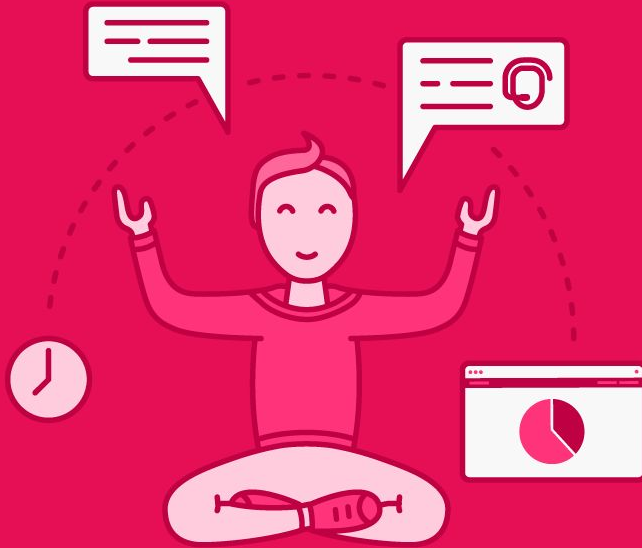
- If your business has a turnover below £150,000, it might be beneficial to register for HMRC's VAT Flat Rate scheme.
- This simplifies VAT reporting for small businesses, meaning there is no need to record VAT for individual purchases and sales.
- Doing this can often also result in an increase in your company's income, as you can still charge the basic rate of VAT but only pay HMRC a flat percentage rate (based on your trading activity).



# Business Rates

- If you run your business from a non-domestic property (e.g. an office, shop or factory), you'll likely have to pay business rates.
- You'll be sent a business rates bill from your local authority in either February or March each year for the financial year that starting on the following 1st April.
- Details of how to pay will be included on the bill, and you can opt to pay in 12 monthly instalments.

# Accounting



# Mortgages



# Insurance



# Investments & Pensions





# Crunch Chorus

A free community of over 50,000 members, empowering the self-employed and small business owners.

Access to webinars, business guides, invoicing software and document templates.

Regular meetups and events, giving the self-employed the chance to meet like-minded people.

A range of benefits, including exclusive discounts on products and services.

[crunch.co.uk/chorus](https://crunch.co.uk/chorus)

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# Useful links

[Small Business Taxes - What you need to know](#)

[How do I go about setting up a limited company?](#)

[What responsibilities do I have as a company director?](#)

[How do I reduce my Corporation Tax?](#)

[What expenses can I claim as a limited company?](#)

[VAT registration and reporting explained](#)

[Self-employed National Insurance explained](#)

[What are the benefits of online accounting software?](#)