Limited company self-assessment:

a complete guide for company directors

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Introduction

Limited company self-assessment can be a bit more complex than completing a tax return as a sole trader. From finding out whether you need to file a return at all to understanding which sources of income to report, this guide covers everything you need to know.

There's a lot to think about when you're running a limited company. Filing your accounts on time, sending the right information to Companies House, and meeting your duties as an owner-director is tricky enough – not to mention keeping the business itself running.

Things tend to be fairly complicated when it comes to your income, too. You're not technically self-employed, but you're not really a regular employee, either. Because of this, you might receive money from the company in different forms, taxed at different rates.

And because the company is a legal entity in its own right, taxed separately to you as an individual, this leaves the question of how your own income should be taxed. Do you need to complete a personal tax return? If so, what do you need to include?

We've answered these questions, and the other common queries we hear from owner-directors, to create this complete guide to limited company self-assessment.

Do you need to file a self-assessment tax return as a company director?

As with many tax questions, there's a long and a short answer to this. The quick answer is as follows:

Pay and tax for company directors

Self-assessment is HMRC's way of collecting income tax. It's a requirement for most self-employed workers, or people who have other sources of untaxed income.

But things are a little different for directors of limited companies, as you're not classed as self-employed like a sole trader.

Your company will pay corporation tax on its profits (you'll need to handle this through a separate company tax return), while you might receive income in a number of ways.

Income

As a limited company director, you can take income as a salary from the company.

Unlike salaries for regular employees, this isn't a requirement, and it doesn't need to meet the national minimum wage. But you might choose to receive one for a few reasons: it's deductible from your company's profits, and gives you a regular source of income.

Plus, depending on the amount you receive, a salary can help you maintain your state pension contribution record.

Many company directors choose to take a salary above the National Insurance lower earnings limit at which you get access to state benefits, but below the primary threshold at which you start paying National Insurance contributions (NICs).

Salaries above the primary threshold are taxed at source through pay-as-you-earn (PAYE). This means the company must deduct income tax and NICs from your salary when it pays you, and report and pay these to HMRC.

If this is your only income from your limited company, you won't need to file a self-assessment return. However, if your salary is above £50,000 and you received other untaxed income unrelated to the company or child benefit, you'll need to report it. Likewise, if your salary exceeds £150,000, you will have to file a self-assessment tax return.

Dividends

Most directors of small companies are also shareholders. That means they can receive dividend payments.

The company's directors can declare and distribute dividends if the company has made a profit, after the company's profits have been taxed.

As such, these don't count as deductible business costs in the same way a salary does – but the company doesn't need to pay tax on the dividend payment.

As an individual, you need to pay income tax on dividends over the dividend allowance.

If you receive under £10,000 in dividends, you can ask HMRC to change your tax code so these are taxed through PAYE. But for dividends over this amount, you'll need to complete a self-assessment return.

Pensions

Another way you can draw money from your company as a director is by making contributions to your pension. This is a great way to save for the future and save tax at the same time.

Both you as an individual and your company can make pension contributions tax-free up to certain limits – but when your company makes a contribution, it has the added bonus of being an allowable expense.

To receive your full tax relief if you're a higher earner, however, you'll need to claim it through self-assessment.

Benefits

If your company pays for something you use personally, it will generally count as a benefit-in-kind (BiK). These must be reported to HMRC by the company through form P11D.

Having a P11D doesn't automatically mean you have to file a tax return, but if you do need to complete a self-assessment return, you'll need to include your BiK information on the return.

Other income sources

Outside of your role as a company director, you might receive taxable income from other sources: rental income from property you own, for instance, or interest on savings and returns on investments.

It's important not to forget these sources when working out your taxable income – depending on the amount, these might need to be reported via self-assessment.

Reasonsyoumightneedtocomplete self-assessment tax returns

In summary, you might need to complete a self-assessment return if you have untaxed income, such as:

- Dividend payments
- Savings and investments income
- Rent from property
- Tips and commission
- Payments from trusts
- Foreign income
- Capital gains in excess of £6,000

You might also need to file a return if you're a high earner (with income over £150,000 as of 2023/24), or if you need to pay the high-income child benefit charge.

For contractors working through a limited company, IR35 l egislation might also affect your tax return. If this is the case for you, it's best to get expert advice to be sure of where you stand.

If you're not sure, you can use the 'check if you need to send a self-assessment tax return' tool on the Government website.

Usually, HMRC will notify you if it expects a tax return. If you receive this notification, but you don't think you need to file a tax return, you'll have to contact HMRC to confirm this ahead of the deadline.

Even if it turns out you don't fall within the scope of self-assessment, you might choose to file a tax return: for example, to claim some income tax reliefs.

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Self-assessment deadlines

Limited company directors have the same self-assessment deadlines as anyone else filing a return:

- **Registration:** 5 October
- **Paper returns:** 31 October
- **Online returns and payment of tax due:** 31 January

There are also separate deadlines if you pay via payments on account. (We'll explain these in more detail in the next section.)

- **Balancing payment:** 31 January
- **First payment on account:** 31 January
- **Second payment on account:** 31 July

Other company tax deadlines

These deadlines aren't part of self-assessment, but it's helpful to consider them in the context of your tax reporting year. As the owner of a limited company, you'll need to:

- **File your first accounts with Companies House:** 21 months after the date you registered.
- **File your annual accounts with Companies House:** 9 months after your company's financial year ends.
- **Pay corporation tax or tell HMRC that you don't owe any:** 9 months and one day after the end of your corporation tax accounting period.
- **File a company tax return:** 12 months after your accounting period for corporation tax ends.

You'll also have the P11D deadline to consider, which is usually 6 July following the end of the tax year.

How to complete limited company self-assessment

The self-assessment process itself is no different for company directors than it is for anyone else filing a return: it's focused on the type of income you have and the tax due, rather than the type of work you do.

That said, there are a few specifics to be aware of as a director. Here's what you need to know at each stage.

Register with HMRC

If you didn't file a self-assessment last year, you'll need to make sure you (re-)register with HMRC.

You can do this by submitting form SA1 to HMRC: either online or by printing and posting it.

In 10 working days (or 21 if you live abroad), you should receive a unique taxpayer reference (UTR) number. Using your UTR, you can activate your self-assessment through your online personal tax account.

Complete the form

Once you're set up and registered with HMRC, it's time to fill in the details about your earnings from different sources in the tax year, and any expenses you need to deduct or allowances and reliefs to claim.

The main tax return form is SA100, but as a company director, you'll also need to report your employment income through SA102. You might need to fill in other supplementary pages if you received income from property, capital gains, overseas sources, or other less common sources.

You can do this by **filing online** through the HMRC website.

Alternatively, you can complete your return using accounting software: but first, check which parts of the return your software does and doesn't support.

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Over time, we can expect more of the self-assessment process to be digitised: especially as the Government's Making Tax Digital scheme extends to income tax self-assessment.

At the moment, this is only set to be mandated for self-employed and property income over certain thresholds from 2026 onwards, so company directors won't be included right away. But it's still a good idea to take advantage of the efficiency that comes with accounting software and digital processes, so you're prepared for whenever the rules apply to you.

Pay tax

Once you've completed the form, you'll receive a tax bill based on the information you've given.

You can pay the tax you owe in **different ways**, including online or over the phone. Bear in mind that if you're paying by direct debit, Bacs or cheque, you'll need to allow additional working days for the payment to arrive.

In some cases, you might pay your bill via **payments on account**. This is a way of spreading the cost of payment, through advance instalments based on your previous tax bill.

You'll make two payments on account each year unless your last self-assessment tax bill was less than £1,000, or you already paid more than 80% of the previous year's tax at source (for example, through your tax code).

Keep records

Finally, an essential part of your self-assessment responsibilities is accurate record-keeping.

As a limited company director, you should keep the following documents:

- Your P45
- Your P60
- Form P11D, which shows your expenses and benefits
- Certificates for any taxed award schemes
- Information about any redundancy or termination payment

You should also keep records on:

- Any expenses you've personally paid for
- Benefits you get in connection with your job
- Lump sum payments not included on your P60 or P45
- Statutory benefit payments

Make sure you also keep all the relevant documentation for the other areas of your tax return, such as savings, investments and pensions, rental income, capital gains or losses, and overseas income.

Make self-assessment easy with expert support

Running a company can feel like a juggling act between your various admin responsibilities and business priorities.

We don't think all of that pressure should rest on you alone – and we know there's more you could be doing with your time than poring over the books and worrying about the minutiae of your tax return.

Our self-assessment services take the task off your hands, giving you time to focus on what's important to your company. We'll also identify any tax savings you could make, review your tax return for any errors, and set up an effective software solution for your record-keeping going forward.

Get in touch to find out more about how we can help.

Ready to find out more?

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