

## Please read these Notes before you fill in any forms

Companies House have told us about the formation of your new company. I'm writing to tell you about the corporation tax consequences of setting up a company and about some things that you need to know and do now to get the company's tax affairs off to the right start. These notes and forms will help you.

Please read sections 1 and 2 at once, then complete and send me the relevant form(s). Section 3 will help you if you need to complete the *New Company Details form CT41G* now. The rest of these Notes explain what to do about paying tax, delivering returns and where to get additional information.

If you have more questions about corporation tax please contact your agent if you have one or visit our website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) You can also phone our office dealing with your company - the number is at the top of form *CT41G*.

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## 1 What you need to do now

As a new company you need to complete and return

- the *New Company Details form CT41G* if your company has started any activity, or
- the *CT41G Dormant Company insert* if your company is not active yet, and
- the *Authorising your Agent form 64-8* if the company has appointed an agent to act for it.

Please let us have the appropriate form(s) as soon as possible.

### 1.1 If your company has started any activity

The law says that you must give us certain information within 3 months of the company starting its first accounting period. An accounting period starts when a company comes within the charge to corporation tax - that is, broadly, when it begins any business activity. For example, an accounting period begins as soon as a company acquires a source of income, such as starting up a business or acquiring an investment or any other asset which will produce income or may be sold.

If you're not sure whether the company has come within the charge to corporation tax, ask your agent if you have one or contact the HMRC office shown on the *New Company Details form CT41G*.

You can give us all the information we need by filling in the *New Company Details form CT41G*. There's advice on how to complete the form later in these *Notes*. You don't have to use our form but it's the easiest way to tell us.

If you prefer, you can let me have the information in a letter, signed by an officer of the company, which includes a declaration that the information is correct and complete to the best of their knowledge.

Send us this information as soon as possible. There are penalties for not providing it which can be as much as £300 plus a continuing daily penalty of £60 for every day that the information remains outstanding. There can also be a penalty of up to £3000 if the company fraudulently or negligently gives incorrect information.

## 1.2 If your company is not active yet

We treat a company as dormant if it has not started, and is not about to start, any business activity. It's in your interests to tell us if your company is dormant so that we don't send you unnecessary correspondence or ask you to complete tax forms.

It's easy to do that using the **CT41G Dormant Company insert**. Follow the advice on the form. The tick box format makes it easy to tell us that the company isn't active, when you think it will start, or that you don't yet know.

Please keep these *Notes* and the *New Company Details form CT41G* to use when the company becomes active.

## 1.3 If your company has appointed an agent

If you have appointed an agent to act in relation to the company's corporation tax affairs we need to know who they are and that you're happy for us to exchange and discuss information about the company with them.

You can give us authority to correspond with your agent by completing the enclosed **Authorising your Agent form 64-8**. We can then send your agent copies of any forms we send you and discuss your tax affairs with them. The authority also lets your agent use our Corporation Tax Online services on your behalf. When you have completed the authority, please send it to the HMRC office address shown on the *New Company Details form CT41G*.

## 2. What we do next

If we haven't heard from you in the next 6 weeks, we'll send you a reminder (**form CT41G Reminder**). We'll also write to you in about 12 weeks with your corporation tax key dates (**Corporation Tax Important Dates form CT610**). Those dates include your first accounting period end date which we use to work out the company's payment and filing dates.

If you send back the *New Company Details form CT41G*, we'll work out your first accounting period end date from the information you give us. Otherwise, we'll assume that the company became active on the day it was registered at Companies House and that its first accounting period ends 12 months later. A few weeks after the accounting period ends we'll send you a **Notice to deliver a company tax return (form CT603)** and reminders nearer the relevant dates about paying your tax and filing your return. Section 4 below tells you more about the paying and filing deadlines.

If you've completed the *CT41G Dormant Company insert* to tell us that the company has not started any activity we won't send you the *Corporation Tax Important Dates form CT610* or notices and reminders until the company becomes active.

Giving us the information we need now allows us to set up the company's tax record from the correct facts and avoids you getting unnecessary correspondence or being asked to complete tax forms before you need to.

## 3. Completing the New Company Details form CT41G

Please send this form to us when the company starts any business activity. If that is not going to happen for a while, please send us the *CT41G Dormant Company insert* instead, and keep the *CT41G* until you need it.

Please complete the form clearly and in capital letters using permanent ink. Enter dates in the format dd/mm/yyyy. For example, show 1 January 2007 as 01/01/2007.

Please keep a copy of the completed form for your records and tell us if there are any changes to your details.

These notes follow the order of the numbered boxes on the *CT41G* - refer to them as you fill in the form.

- 1 The first accounting period begins on the date that the company came within the charge to corporation tax. That normally happens when the company acquires a source of income, starts to trade or becomes resident in the UK, but it could be when some other taxable event occurs. If you're not sure whether the company has come within the charge to corporation tax ask your agent or contact the HMRC office shown on the *CT41G*.
- 2 Please enter the company's full name if it's different from the one shown on the form. This must be the name that the company is registered with at Companies House. (But see note 3 if the full name is long.)
- 3 If the company has a long name we have abbreviated it because our computer cannot store names that are longer than 56 characters (letters and spaces). If you'd prefer a different abbreviation, please enter it in 56 or fewer characters.
- 4 Please enter the number that Companies House gave you when you registered the company. Include all letters and numbers in the appropriate format, 12345678 or AB123456.
- 5 Only complete box 5 if your address shown on the *CT41G* is **not** the one registered at Companies House.
- 6 Please enter the address of the principal place where the company carries out its business if it is different from the registered office address.
- 7 Please tell us what business the company does or will be doing.

- 8 Please enter the date to which the company intends to draw up its accounts. This will normally be the accounting reference date that you have agreed with Companies House. For example if the company intends to draw up accounts for the period 01/07/2007 to 30/06/2008, please enter 30/06/2008.
- 9 Enter the name and address of the business and the person from whom you acquired it.
- 10 The company is an employer in relation to its directors and employees. It has an obligation to operate code numbers and deduct and pay over tax and NIC from any relevant payments made to directors and employees as soon as you start to pay them. If the company has made such payments, please enter the starting date.
- 11 Broadly, a company is a member of a group of companies for loss and group relief purposes if it is the 75% (or greater) subsidiary of another or both are 75% (or greater) subsidiaries of a third company. If your company fits this description you must provide the name of the parent company and the address of its registered office. If you know the details, please enter the name of the group, the HMRC office dealing with the parent company and the parent company's tax reference number.
- 12 You need to enter the full name and home address of each of the directors of the company. Please enter the other details the form asks for if you know them.
- 13 If you have appointed an agent please complete the *Authorising your Agent form 64-8*, tick box 13 and send the authority to me with the completed *New Company Details form CT41G*.
- 14 It makes it easier for us to get in touch with the right person if you let us have the name and number of someone we can call about the company's corporation tax affairs. This can be your authorised agent, if you have one.
- 15 If the company already has a PAYE scheme please give the name of the PAYE office and its reference number so we can link that scheme to the company's tax record.
- 16 The company will need a PAYE or Contractor scheme if it:
- makes payments to directors / employees, or
  - provides benefits and / or expenses to a director / employee, or
  - makes payments to subcontractors, or
  - intends to claim a refund of construction industry scheme deductions it has suffered.
- Please tick the relevant boxes if you have entered a starting date at box 10. If you tick no boxes, you must tell us immediately if the company starts making such payments.
- 17 It makes it easier for us to get in touch with the right person if you let us have the name and number of someone we can call about the company's PAYE affairs.
- 18 Please tick the box and enclose a copy of the company's Memorandum and Articles of Association.
- 19 Please tick box 19 if the company will need to deduct income tax and make a return on *form CT61*. Companies do not need to deduct tax from donations to charities, interest on quoted Eurobonds or any payments paid to a company resident in the UK or chargeable to UK corporation tax, or any payments made to tax-exempt bodies such as local authorities, approved pension funds or government departments. But for any payment listed below, not paid to those listed above, you need to deduct tax and make a return on *form CT61*:
- alternative finance payments
  - yearly interest (other than to a UK bank)
  - interest paid by building societies, banks or other deposit-takers
  - interest distributions by UK authorised unit trusts and open-ended investment companies
  - the income element of purchased life annuities
  - certain annuities and other annual payments
  - certain royalties - there are special rules for paying royalties to non-residents
  - payments under non-charitable deeds of covenant
  - certain payments within five years of a de-merger
  - distributions by unauthorised unit trusts.
- 20 Please tick box 20 if the company is registered with the Charity Commission ([www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)) or the Office of the Scottish Charity Regulator ([www.oscr.org.uk](http://www.oscr.org.uk)) or if it has been set up for charitable purposes only but is exempt from registration. If the company applies for registration at a later date you should tell your HMRC office.
- 21 If you are a charity that is changing its status to 'Limited' and your company already has a 13 digit unique taxpayer reference that is not the same as the one shown on form CT41G, please enter it here.

## 4 Later responsibilities

### 4.1 Paying corporation tax

Companies are liable to corporation tax on their profits and have to calculate their own tax.

Most companies have to pay their corporation tax 9 months and 1 day after the end of their accounting period. We send you a reminder and payslip shortly before that date which gives details of how to pay any corporation tax due.

Large companies - broadly those with profits of more than £1.5 million - have to pay their tax in four instalments (two of which are normally due before the end of the accounting period) rather than in one lump sum 9 months and 1 day after the end of the accounting period. There are special rules so that companies do not pay by instalments in the first period that they are large, unless their profits exceed £10 million. Please see our website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) for more information.

If you don't pay the tax on time, we charge interest from the day that it's due until you pay it. If you pay your tax early, we pay you interest. This also applies to each instalment due from a large company. Our website shows the latest interest rates.

### 4.2 Filing your company tax return

Soon after the end of each accounting period we send you a *Notice to deliver a company tax return (form CT603)*. The *Notice* requires you to send us a company tax return that includes:

- a completed *company tax return form CT600* and any relevant *supplementary pages (forms CT600A to J)*
- a copy of the company's accounts for the period covered by the return
- computations showing how entries on the return form have been calculated from figures in the accounts.

Companies normally have to file their company tax return within 12 months of the end of their accounting period. For example, a company with an accounting period ending on 31/12/2007 needs to deliver their return by 31/12/2008.

If we send the company a *Notice* and it doesn't deliver the company tax return by the filing date, we charge penalties even if there is no tax to pay. The penalties start at £100 and can rise to £1000 plus 20% of any tax paid late for prolonged delays and repeated failures.

If a company that is chargeable to tax for an accounting period does not receive a *Notice* requiring a company tax return, it must tell us within 12 months from the end of the accounting period. There are penalties for not telling us which can be as much as 100% of any tax that remains unpaid 12 months after the end of the accounting period.

## 5 Additional information

### 5.1 Starting a business

You can find more information on the 'Starting up in business' page of our website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk). Although it focuses on the self-employed the online leaflet *Working for yourself - The Guide* has useful contacts for companies too.

### 5.2 Employers and Pay As You Earn (PAYE)

A company is an employer in relation to its directors and staff and is responsible for deducting income tax and National Insurance contributions (NIC) from its employees. As an employer it must correctly operate PAYE, even if the directors are the only employees.

You can get more information about those responsibilities from our website at [www.hmrc.gov.uk/newemployers](http://www.hmrc.gov.uk/newemployers), or the New Employer's Helpline on 0845 60 70 143 (Monday to Friday 8am to 8pm and Saturday and Sunday 8am to 5pm).

### 5.3 Value Added Tax (VAT)

VAT is a tax on consumer expenditure. It is due on business transactions, imports and acquisitions that supply goods or services. You may need to register the company for VAT if your annual turnover is more than the VAT threshold.

You can get more information and details of the current threshold on the VAT pages of our website. You can also call the national advice service for queries on Customs, Excise or VAT on 0845 010 9000 (Monday to Friday 8am to 8pm).

### 5.4 Importing and exporting

There's a guide for new importers and exporters on our website. You can download a copy by clicking the 'Imports & exports' option under the 'businesses & corporations' section and then choosing the *Guide to Importing and Exporting: Breaking down the Barriers*.

This pack has been designed to help you understand what's involved and to get started. The national advice service on 0845 010 9000 can put you in touch with one of our Regional Business Education and Support teams, who provide technical workshops and seminars free of charge on importing and exporting, and the tariff and duty relief schemes.

### 5.5 Other useful information

*A general guide to Corporation Tax Self Assessment* explains the basic rules of corporation tax self assessment and is aimed at anyone setting up or running a new company.

*Instalment Payments of Corporation Tax by large companies* explains the basic rules for large companies that have to pay tax by instalments.

You can see both on our website by following the quick link to 'Leaflets and booklets'.