


Tax Timeline

Below is a summary of key accounting dates associated with your limited company that Koala will meet on your behalf. This is provided we have up-to-date bank statements and expenses, along with your approval of accounts prior to filing.

 VAT Registered

Week 1

- Limited Company Incorporated
- Referred for a business bank account
- FreeAgent activated
- Direct Debit for weekly accounting service to Koala set up

Week 2

- Tax planning call – Bank feed set up, advice on explaining transactions, expenses and tax
- Recommended monthly directors salary set up
- Optional VAT registration – Flat rate or Standard rate

Months 3 - 5

- First VAT return due – Return and payment due the 7th of the second month after the VAT period end date. (E.g. VAT period end 31/01 due 07/03)

Months 7-9

- First P&L review
- Second VAT return and payment due

Month 10-12

- Third VAT return and payment due

Month 13-15

- End of company year
- Confirmation statement due
- Second P&L review
- Fourth VAT return and payment due

Month 21

- Company accounts filed with companies' house and payment due to HMRC

Month 24

- CT600 (company tax return) due to HMRC

Ongoing

- Expense uploads
- Monthly payroll processed

** Please note – These dates are an approximation and your experience may differ depending upon external factors (e.g. your timing on when you register for VAT/HMRC delays)



What is the benefit of raising expenses?

Raising expenses through your limited company will reduce your Corporation tax and increase your take home pay by 19% of the expense value.

What kind of expenses can I claim?

There is no black and white list in terms of what expenses you can claim through your limited company. The most common expenses we see claimed are as follows:

- Mileage
- Travel (bus/taxi/train/flights)
- Accommodation
- Food and drink
- Computers, laptops, tablets
- Printers, scanners, fax machines
- Mobile phone
- Office running costs (home working allowance)
- Insurances



How do I raise an expense?

If you were to purchase something for the company from your limited company bank account, then there is no need to raise the expense. When purchasing from your personal pocket, this can be added to FreeAgent on the expenses section. This can be added via the app and a photo taken of any receipts.

What business taxes do I pay?

Corporation tax – This is 19% of company profit. Profit is calculated through turnover **minus** expenses (business or personally paid).

When do I pay Corporation tax?

This is paid no later than approximately 9 months after your company's year-end. E.g. if your company has an incorporation date of 01/01/2019, you will not pay Corporation tax until approximately September 2020..



What VAT schemes are available to me?

We would recommend either flat or standard rate VAT. If the company is on the flat rate scheme it would receive 20% on top of the company income. This VAT would be paid back to HMRC quarterly at a reduced percentage equating to a benefit of £14 for every £1000 of income. Recommended if the company will have little expenditure (e.g. just mileage and subsistence).

The standard rate of VAT is simply the VAT you receive on company income minus the VAT you pay out on business expenses. This is recommended if you are expecting high expenditure through the business (e.g. computers and machinery).

What is IR35?

IR35 refers to the United Kingdom's anti-avoidance tax legislation designed to tax disguised employment at a rate similar to employment.

Am I inside or outside of IR35?

If you are using an agency this is always a good indicator for being outside of IR35. This is because it is always good to distance yourself from the end client as much as possible. The sector of employment is also not of a concern to HMRC as you are working on a private sector assignment and at the moment HMRC only target public sector workers. Added to this, HMRC's success rate is so low on IR35 cases.

What is a dividend?

This is a way that a company pays its directors/shareholders a proportion of the profit that the company generates. This will be declared on your personal tax return which we will complete for you free of charge.

Can I add a partner/spouse to the company?

Yes. The options would be as a director, employee or shareholder. We would recommend adding a partner/spouse as a second shareholder as this would be most tax efficient. The second shareholder is entitled to a £2000 tax free dividend (same as the director) and can take advantage of their tax-free allowance when drawing funds from the company.

How does it work with pensions?

Your state pension requirements are met through the director's salary. This is set at an optimal figure meaning you will contribute the minimum required national insurance to qualify you for that year's state pension. You can also set up a private pension of your choice. This will be classed as a business expense and reduce your corporation tax further.

Koala Limited Company Services

Statutory



Annual Company accounts filing

liability payable 9 months after your company year-end.



Quarterly VAT return filed by ourselves through FreeAgent accounting software.



Confirmation statement (annual return).

Extras

- One off Company Incorporation set up fee - only £20+VAT
- Help setting up a business bank account
- Post incorporation tax planning call to go through FreeAgent and the basics of limited company
- Use our office as the company's registered address
- Access to FreeAgent accounting software and app to monitor your cashflow and add your expenses on the go
- Setting up of a monthly director's salary to meet national insurance requirements and reduce your corporation tax
- Optional VAT registration to increase take home pay (compulsory if annual turnover > £85,000)
- Quarterly profit and loss review
- IR35 advice
- Monday – Friday telephone, email and WhatsApp support
- Company insurance – employers' liability, public liability & professional indemnity
- Personal tax return – prepared and filed through FreeAgent
- Up to date 'available to withdraw' figures from the business bank account



FEE
£20+VAT
per week