



If you have a dormant company, you may receive a letter from HMRC asking you to confirm that no tax is due. You may need to do this even if you have already told HMRC that your company is dormant.

Key dates

Company accounts must be filed with Companies House within nine months of the end of the accounting period. Any corporation tax due for the period must be paid nine months and one day after the year end. However, companies have 12 months from the end of the accounting period in which to file their company tax return with HMRC.

This note explains when your company will be treated as dormant and what action you need to take.

When is a company 'dormant'?

Your company may be 'dormant' if you are not doing any business and your company does not have any other income, for example, from investments. The meaning of 'dormant' for tax purposes is different to that for accounting purposes.

Dormant for corporation tax

HMRC consider a company to be dormant if it is not 'active'. A company will be active if it is carrying on a business activity, it is trading or receiving income.

Your company will be considered to be dormant for corporation tax purposes if:

- it has stopped trading and has no other income;
- it is a new limited company which has yet to start trading;
- it is an unincorporated association or club which owes less than £100 in corporation tax; or
- it is a flat management company.

A company that is dormant is not liable for corporation tax.

If you think your company is dormant, you can tell HMRC online (see www.gov.uk/tell-hmrc-your-company-is-dormant-for-corporation-tax). If you cannot use the online form, you can also tell HMRC by post or by phone.

If you have received a notice to deliver a company tax return, you will need to do this. This will show HMRC that your company is dormant. Once you have told HMRC that your company is dormant, you will not need to file further company tax returns unless you receive a notice to file.

You may also receive a letter from HMRC telling you that they have decided to treat your company as dormant and that you do not have to file company tax returns.

Dormant for Companies House

Even if your company is not active, you still need to file your confirmation statement with Companies House and file accounts with them. If your company is dormant and also qualifies as 'small' you can file dormant company accounts. Your company will be considered 'dormant' by Companies House if there are no significant transactions in the year. 'Significant transactions' do not include filing fees paid to Companies House, any penalties charged for the late filing of accounts and money paid for shares when the company was incorporated.

Telling HMRC that no corporation tax is due

Despite having told HMRC that your company is dormant, you may receive a letter from them reminding you when the corporation tax for the period is due. The letter will also inform you that if you do not owe any corporation tax, you should tell HMRC as soon as possible. The letter warns that if you do not tell HMRC that no corporation tax is due, you will continue to receive payment reminders.

To tell HMRC that no corporation tax is due, and put a stop to payment reminder letters, you need to visit the Gov.uk website at www.gov.uk/pay-corporation-tax and select 'tell HMRC no amount is due'. It is then simply a case of clicking on the 'nil to pay form' and entering your 17-digit corporation tax reference, which can be found on the letter. This will be your company's 10-digit unique taxpayer plus additional digits and letters which indicate the period in question, for example, 1234005678A00101A. It is important that the reference is entered correctly.

We can help

If you would like to consider your business exit planning options in more detail, please call us on **01753 888 211** or email info@nhllp.com if you need guidance with any of the issues raised in this Broadcast. We would be happy to help.