



Starting with the 2025/26 tax year, directors of close companies (owner-managed companies) will need to separate the dividend income received from their companies. This change will have an impact on almost 900,000 directors.

In very broad terms, a close company is a company that is under the control of its directors or five or fewer shareholders.

At present, directors report just the total dividend income figure, which means HMRC can't tell which dividends a director receives from their own company or from other sources. By separating out dividends, HMRC will be able to see the total remuneration package received by an owner-manager. This helps them to focus their compliance activities.

Disclosure

From 6 April 2025, directors of close companies will have to disclose:

- name of the company and its registration number;
- percentage shareholding in the company; and
- amount of dividend income received from the company for the tax year.

The question on the tax return about whether an individual is a director of a close company will be changed from voluntary to mandatory.

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In regard to the percentage shareholding, this will be the highest percentage held during the tax year. For some directors, providing this information will not be straightforward; for example, where a company has different classes of share.

Employee hours data

On a more positive note, the proposal that employers would have to report the actual hours worked by each employee has been shelved. The implementation date had already been put back from April 2025 to April 2026.

The Government has recognised that requesting this information as part of the real-time reporting process would have been unduly complex, costly and burdensome for businesses. The cost of the initial implementation alone was forecast to be nearly £60 million.

The starting point for determining whether a company is close or not can be found [here](#).

We can help

If you would like further information, please call us on **01753 888 211** or email info@nhllp.com. We would be happy to help.