

# CLOSE COMPANY DIRECTORS ASKED TO REVEAL MORE

If you are a director of a close company, new self-assessment tax return requirements are coming. From 2025/26, directors will need to provide more detailed information than ever before — with close companies themselves also facing significantly increased reporting obligations in the longer term.

## THE PROBLEM OF DIVIDEND INCOME

Unlike savings income, where financial institutions report details to HMRC, it has previously been difficult for HMRC to check whether a taxpayer has correctly reported dividend income; particularly if this comes from a close company and the dividends are credited to the director's current account rather than being paid out.

The latest tax gap is estimated to be over £45 billion, with small businesses representing the largest proportion of the shortfall.

HMRC has previously run a targeted campaign directed at directors whom they suspected – based on a review of company accounts – had not declared dividends.

## MORE DETAILS REQUIRED OF CLOSE COMPANIES


There is now a requirement for self-assessment tax returns to include a separate employment page for each directorship of a close company, even if no salary or dividends are received. The following has to be provided:

- The name of the close company;
- The company's registration number;
- The amount of dividend income received from the company; and
- The percentage shareholding in the company.

Once the close company itself is required to provide more detailed information, it will be a simple matter for HMRC to cross-check the two sets of data.

## CLOSE COMPANY REPORTING UNDER CONSULTATION

Currently at the consultation stage, HMRC's proposals could see close companies having to report not just dividends, but also details of cash withdrawals, loans, debts and transfers of assets between the company and its director(s).



The tax cost of operating from a limited company has increased over recent years, and using an unincorporated structure has generally become a more attractive proposition. The new reporting requirements are likely to simply reinforce this decision.

Self-assessment tax return notes (7.1 to 7.4 relate to the new reporting requirements) for the employment section can be found [here](#).

#### WE CAN HELP

If you require further assistance, please contact us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com), we are here to help.