

## UK Limited Companies and UK LLP

Taxation is a complicated issue, naturally however the following is only a educational reference on the briefest synopsis. We insist that all clients get professional tax advice from a qualified adviser.

### Direct Taxation of Limited Companies

Small UK Companies are generally taxable on their worldwide incomes at 20%. Generally UK Companies are not tax efficient and cheques should be sent to the Tax office with the tax return and accounts.

### Companies house late penalties:

The level of the penalty depends on how late the accounts reach Companies House and is shown in the following table.

Length of delay (measured from the date the accounts are due)	Penalty: Private company	Penalty Private company repeat offender
Not more than 1 month	£150	£300
More than 1 month but not more than 3 months	£375	£750
More than 3 months but not more than 6 months	£750	£1500
More than 6 months	£1,500	£3000

For example a private company's set of acceptable accounts for the accounting period ending 30 September 2009 would need to be delivered by 30 June 2010 to avoid a late filing penalty. If they were not delivered to Companies House until 15 July 2010 the company will incur a late filing penalty of £150

The penalties will be doubled if a company files its accounts late in 2 successive financial years beginning on or after 6 April 2008. This means that if a private company has an accounting reference date of 30 September and the accounts for the period ending 30 September 2009 were delivered late, and you deliver accounts for the subsequent period ending 30 September 2010 late, then you would incur a £300 late filing penalty.

## UK LLP's

### STRUCTURE

In 2000 the UK Government introduced a new structure, a hybrid structure of a legal Entity [ Company] that would be taxed and managed like a partnership. The LLP was born. The Limited Liability Partnership is a legal entity that can own property and bank accounts. The Only restriction is that they must have carry on a lawful business with a view to profit. You should not have DORMANT or Non-Trading LLP's. As the 4<sup>th</sup> and 7<sup>th</sup> European directive apply to these companies they must file accounts with the companies registry.

## **TAXATION**

Generally, As long as the UK LLP has non-resident members, and does no business in or from within the UK the LLP is not taxable in the UK, however the LLP does still have to file A tax return. However we have all of the information that is needed if we are arranging the members. **WE DO NOT NEED INFORMATION FROM YOUR CLIENTS FOR THE TAX RETURN.**

When the UK change the system to make online filing compulsory, it unwittingly introduced a requirement that forces us to register all members for tax purposes. If your client will be a member of a LLP then they will be registered at the UK tax authority and get a tax number.

The UK LLP is similar that it has to file accounts at the companies registry within 9 months of the anniversary of incorporation, called the accounts date. And every year on the accounts date.

Failure to file accounts or to file false accounts is a criminal offence.

Automatic fines of £100 are imposed on each MEMBER for the non-filing of accounts with the tax office, and the LLP is fined FROM ATLEAST £150 to GB£3000 in the companies house.

## **COMPANIES HOUSE**

Length of delay (measured from the date the accounts are due)	Penalty: LLP	Penalty LLP repeat offender
Not more than 1 month	£150	£300
More than 1 month but not more than 3 months	£375	£750
More than 3 months but not more than 6 months	£750	£1500
More than 6 months	£1,500	£3000

## **Scottish Limited Partnerships**

The 1907 Limited partnership act is an Amazing piece of legislation. In Scotland a limited Partnership is a separate legal entity from the members. However Unlike the LLP the European 4<sup>th</sup> and 7 Directove do not apply and the SLP does not file any accounts, nor does it need to file an annual return with the company registry. The SLP does need to file a tax return, but again **WE DO NOT NEED INFORMATION FROM YOUR CLIENTS FOR THE TAX RETURN.**

## Annual administration Chart

	Tax return	When Tax return Due	Annual Return	When Annual Return Due	Companies House Accounts	When Companies house accounts due	Liability to UK Corporation Tax
UK Ltd	✓	9 Months after Anniversary of Incorporation	✓	Anniversary + 28 days	✓	9 months from financial year end (anniversary date of incorporation)	✓
UK LLP	✓	January 31 <sup>st</sup> in year after Taxable year	✓	Anniversary + 28 days	✓	9 months from financial year end (anniversary date of incorporation)	✗
UK SLP	✓	January 31 <sup>st</sup> in year after Taxable year	✗	Not applicable	✗	Not applicable	✗