ABC Business Services

LIFECYCLE · GUIDE 6 OF 9

Your First Year & Dormant Companies

The extra steps that apply to brand-new companies and to restarting a dormant one.

The first year of a company's life follows slightly different rules, and dormancy has its own treatment. Getting these right early prevents a tangle of mismatched dates and unexpected returns later.

> **YOUR FIRST ACCOUNTS DEADLINE IS LONGER**
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> First accounts are due at Companies House 21 months after the date you registered — not the standard 9-months-after-year-end that applies in every later year.

Why the first year is unusual

When you incorporate, Companies House sets your accounting reference date to the last day of the month you registered, so your first financial year is usually a little over 12 months. But a Corporation Tax accounting period cannot exceed 12 months. The result, explained in first accounts and Company Tax Return, is that a long first period typically needs two Company Tax Returns — one for the first 12 months and one for the remaining days — even though you prepare a single set of statutory accounts covering the whole period.

First-year tasks, in order

1. Confirm your registration date and accounting reference date.
2. Tell HMRC the company is active and register for Corporation Tax within 3 months of starting to trade.
3. Set up bookkeeping and keep accurate records from day one.
4. Work out your Corporation Tax accounting period(s).
5. Prepare your first statutory accounts.
6. File first accounts within 21 months of registration; file the return(s) and pay any tax on the relevant deadlines.

Dormant companies

A company is dormant for Companies House when it has no significant accounting transactions in a year — common for companies holding a name, a brand or an asset but not trading. Dormancy for Corporation Tax is assessed separately: check whether you are dormant for Corporation Tax. Dormant companies that qualify as small need no audit and file simplified accounts (Guide 3).

Restarting a dormant company

When a dormant company begins trading again, follow the steps to restart it:

7. Tell HMRC the company is active again, usually within 3 months of starting to trade.

8. Resume keeping full accounting records.
9. Prepare and file accounts and a Company Tax Return for the active period, and pay any Corporation Tax due.

> **KEEP FILING EVEN WHILE DORMANT**
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> A dormant company must still file dormant accounts and an annual confirmation statement at Companies House. Forgetting these is a frequent cause of dormant companies being struck off.

OFFICIAL SOURCES First accounts & return · Register for Corp Tax · Restart a dormant company · Dormant for Corp Tax

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