Headlines

- All change for company accounts filing?
- Can paying interest to your company save tax?
- How long does a capital loss last?
- R&D tax claims under scrutiny: What your business needs to know in 2025

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🗂️ All change for company accounts filing?

Bigchangesareonthewayforcompanyaccountsfiling,withnewrequirementssettotakeeffect from **April 2027.**

Under the updated rules, all companies will be required to file their accounts **electronically** with Companies House. In addition, even businesses that previously benefited from simplified reporting, such as small and micro-entities, may now need to include a **profit and loss account** and a **directors' report** as part of their annual submissions.

These requirements are part of a wider government initiative to increase transparency and improve the quality of data held by Companies House. While many welcome the move toward digital reporting, concerns have been raised about the potential burden on smaller businesses. Industry groups and professional bodies have pushed back, warning that the changes could introduce additional admin and compliance costs.

In response, government officials have hinted that **small and micro-entities might be exempt** from some of the new obligations. However, these comments have not yet been formalised in legislation or official guidance, so for now, all companies should prepare as if the rules will apply to them.

What can you do now?

✅ Familiarise yourself with the upcoming changes

✅ Review your current reporting processes and software

✅ Speak with your accountant to understand what these changes could mean for your business

We'll continue to monitor developments closely and share further updates as the situation becomes clearer.

💰 Can paying interest to your company save tax?

If you'veborrowed moneyfrom your company insteadof taking extrasalaryordividends,itmightseem counterintuitive to pay interest on that loan. But in some cases, **it could reduce your overall tax bill.**

When your director's loan exceeds £10,000 at any point in the tax year, a **benefit in kind charge** applies. This means additional tax for you and a **Class 1A National Insurance** bill for the company. However, if you pay interest at HMRC's official rate (currently 3.75%), you can **reduce or eliminate that charge** entirely. The interest reduces the benefit in kind pound for pound, and if paid by 6 July following the end of the tax year, it also avoids the NI charge.

You don't need to make a cash payment either—**debiting your director's loan account** is enough to qualify.

Here's how the numbers work:

📊 Example:

Someone owes £20,000 to their company for the whole of the tax year. To avoid a benefit in kind, they are charged £750 interest. The company pays corporation tax on this income (at 19%, so £143) and the remaining £607 can be paid out as a dividend. The recipient pays tax of £53 on the dividend.

By charging interest, the company also **saves £113 in Class 1A NI.**

💡 **Net result:** The combined tax and NI cost is £196.

If no interest had been charged, the total cost would have been £263.

A **£67 saving**—not huge, but worthwhile, especially as the loan size grows.

Paying interest may not always lead to major savings, but in the right scenario, it can still be a smart tax move. It all depends on your loan balance, tax bracket, and how you take money out of your company.
📌 Need a second look at your director's loan setup? Let us know and we'll walk you through it.

📉 How long does a capital loss last?

Capital losses can reduce your future tax bill, but only if they're claimed and used correctly.

If you make **gains and losses in the same tax year**, the losses must be used to reduce the gains **before** applying your annual CGT exemption. This means that if your gains are already within the exemption, any loss applied in that year could be **wasted**, and **cannot be carried forward.**

💡 Example: You have £5,000 in gains and £4,000 in losses. Your annual CGT exemption is £3,000. The losses reduce your gains to £1,000, which falls within the exemption, so there is no CGT to pay. However, the £4,000 in losses is now used up and **cannot** be carried forward.

To preserve your losses for future use, **timing matters.** If you expect your gains in a given year to be covered by the exemption, consider deferring any loss-making disposals to a future year where the loss will reduce taxable gains and can be more beneficial.

Key rules to remember:

- **Losses must be reported to HMRC** within four years of the end of the tax year they occurred. -

Unrelieved losses can be carried forward indefinitely, but must be used at the earliest opportunity. -

Losses from connected party transactions may be restricted to similar types of gains.

- **Losses before 6 April 1996** can still be used, even if never reported, but you must include them when you use them.

📌 **Tip:** Track all losses, even older or unused ones. Add them to the "additional

information" section of

your tax return to keep them on HMRC's radar.

🔍 R&D tax claims under scrutiny: What your business needs to know in 2025

HMRC is increasing its focus on R&D tax relief claims. In 2025, around **1 in 5 claims** are being reviewed.

Errors in submissions led to an estimated **£441 million** in tax at risk last year.

Even legitimate claims can be selected for enquiry. With 500 compliance staff now in place, HMRC has introduced stricter requirements like the **Additional Information Form (AIF)** and the **Mandatory Random Enquiry Programme (MREP)**. This makes the claims process more detailed and more closely monitored than ever before.

What triggers an enquiry?

While some claims are randomly selected, there are patterns in what gets flagged. Two of the most common triggers are:

- Inconsistent records. These include mismatches between payroll data and cost breakdowns, or missing time records.

- **Complex claims.** Projects involving subcontractors, overlapping R&D activity, or unclear documentation tend to attract more attention.

How to reduce your risk 1- Focus on documentation throughout the year

Keep accurate records from the start of each project. Time logs, technical notes, payroll reports, and expense records all need to align. Tools like JIRA or Trello can help track progress, and accounting software can support accurate cost classification.

2- Build compliance into daily operations

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3- Don’t let a rejected claim damage your plans

HMRC enquiries can delay cash flow and impact investments. A well-prepared claim should be backed by clear documentation, not just good intentions. Make sure your processes stand up to scrutiny.

Interesting Reads

How to File Annual Accounts with Companies House

Businesses must submit their annual accounts to Companies House each year, where they may finally share their struggles, successes, and goals with the public.

How to Get Tax-Efficient Finance for Your Company?

Do you need tax-efficient finance for your company? Well, HMRC’s new guidance for businesses wanting to attract investors to purchase stock in their firm has recently been released.

12 Biggest Mistakes While Claiming R&D Tax Allowance

Companies that do not have a clear understanding of R&D tax credits and their complexities might find it confusing at first.

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