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FREE GUIDE · 2026/27 · UPDATED OCTOBER 2026

Your Duties as a Company Director

A plain-English guide to your legal, tax and filing responsibilities as a director of a UK limited company

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Becoming a company director brings real benefits, but it also comes with legal duties that you are personally responsible for, even if someone else, like your accountant, does the paperwork. This guide explains what those duties are, the deadlines you need to know, how to pay yourself properly and the common mistakes to avoid.

> *"I started Zen to make finance feel calm and clear for business owners. I hope this guide answers your questions, and if anything doesn't quite fit your situation, I'm always happy to talk it through with you."*
>
> **Ann Williams**
> Founder, Zen Bookkeeping & Advisory

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01 What a director is responsible for

A director manages the company on behalf of its shareholders. In many small companies you are both the director and the main shareholder, but the two roles are different: as a **shareholder** you own the company, and as a **director** you run it and are responsible for it meeting its legal obligations.

A limited company is a separate legal person. Its money is not your money, and decisions must be made in the company's interests. That separation is what gives you limited liability, and it is why the law places clear duties on directors.

7
general duties set out in the Companies Act 2006

9 months
to file your annual accounts at Companies House after your year end

12 months
between confirmation statements, at most

✦ Good to know

You can delegate the work to an accountant, but you cannot delegate the responsibility. If a filing is late or wrong, Companies House and HMRC will hold the company and its directors accountable.

02 Your seven general duties

Sections 171 to 177 of the Companies Act 2006 set out seven general duties that every director owes to the company:

Duty	What it means in practice
1. Act within your powers	Follow the company's articles of association and only use your powers for the purposes they were given.
2. Promote the success of the company	Make decisions in good faith that benefit the company and its shareholders, considering the long term, employees, suppliers, customers, the community and the company's reputation.
3. Exercise independent judgement	Make your own decisions rather than simply following someone else's instructions.
4. Exercise reasonable care, skill and diligence	Act with the care expected of a reasonably diligent person with your knowledge and experience.
5. Avoid conflicts of interest	Avoid situations where your personal interests conflict, or could conflict, with the company's.
6. Do not accept benefits from third parties	Don't accept gifts or benefits given because you are a director, unless they couldn't reasonably cause a conflict.
7. Declare interests in proposed transactions	Tell the other directors if you have a personal interest in a deal the company is entering into.

If the company runs into financial difficulty

If your company is, or is likely to become, insolvent, your duties shift towards protecting the interests of its **creditors**. Continuing to trade when there is no reasonable prospect of avoiding insolvency can lead to personal liability for wrongful trading and even disqualification. If you are worried about cash flow, speak to us early.

! Personal liability

Limited liability protects you in most situations, but not if you breach your duties, trade wrongfully or fraudulently, give personal guarantees, or take money from the company that isn't properly a salary, dividend or repaid loan.

03 Companies House filings and deadlines

Your company must keep its public record at Companies House accurate and up to date. The main filings are:

Filing	When it is due
Annual accounts	Within 9 months of the end of the company's financial year (a company's first accounts can have a different deadline).
Confirmation statement	At least once every 12 months, within 14 days of the end of the review period.
Changes of directors, registered office or people with significant control (PSCs)	Normally within 14 days of the change.
Changes to share capital	Within one month of new shares being allotted.

Your company must also have a **registered office address** where official post can be delivered, and since March 2024 an **appropriate email address** registered with Companies House.

Identity verification for directors

Under the Economic Crime and Corporate Transparency Act, every director and person with significant control must verify their identity with Companies House:

- **New directors** have had to verify their identity before being appointed since 18 November 2025.
- **Existing directors and PSCs** must verify, usually when the company files its next confirmation statement, and everyone must be verified by the end of the transition period on **18 November 2026**.
- You can verify yourself online through GOV.UK One Login, or through an Authorised Corporate Service Provider.

! Late filing penalties

Companies House charges automatic penalties for late accounts, and they increase the later you file. Repeated failures can lead to the company being struck off and to prosecution of its directors.

04 HMRC and tax responsibilities

Directors are also responsible for making sure the company meets its tax obligations:

Obligation	Deadline
Register for Corporation Tax	Within 3 months of starting to do business.
Pay Corporation Tax	Usually 9 months and 1 day after the end of the accounting period.
File the Corporation Tax return (CT600)	Within 12 months of the end of the accounting period.
VAT returns (if registered)	Usually one month and seven days after each VAT period.
PAYE, including directors' salaries	Payroll reported on or before each payday; payment by the 22nd of the following month if paying electronically.
P11D benefits forms	By 6 July after the end of the tax year.

19%
Corporation Tax on profits up to £50,000

25%
main rate on profits over £250,000, with marginal relief in between

£90,000
VAT registration threshold

Keeping records

The company must keep adequate accounting records. Under company law a private company must keep them for at least 3 years, but HMRC generally expects business records to be kept for **6 years** from the end of the accounting period, so it is sensible to keep them for at least that long.

05 Paying yourself: salary, dividends and loans

Because the company's money isn't yours, you need a proper route to take money out. The three common ways are:

Salary

- Paid through payroll and reported to HMRC
- An allowable expense for Corporation Tax
- Subject to Income Tax and National Insurance above the thresholds

Dividends

- Paid from profits after Corporation Tax
- Must be properly declared and recorded
- Taxed at dividend rates above the £500 allowance

£500
dividend allowance

10.75%
dividend tax at basic rate

35.75%
dividend tax at higher rate (39.35% additional rate)

! Illegal dividends

Dividends can only be paid out of **distributable profits**, meaning accumulated profits after tax. Paying dividends when there aren't enough profits is unlawful, and directors can be required to repay them. Always check the numbers with us before declaring a dividend, and keep board minutes and dividend vouchers.

Your director's loan account

Any money you take from the company that isn't salary, dividends or a repayment of money you lent it goes through your **director's loan account**. If the account is overdrawn:

- If the loan isn't repaid within **9 months and 1 day** of the company's year end, the company pays a temporary tax charge (known as s455 tax) of **35.75%** of the outstanding amount for loans made from 6 April 2026. It is refunded once the loan is repaid.
- If the loan goes over **£10,000** at any point in the tax year and you pay less than HMRC's official rate of interest, it is usually a taxable benefit in kind, and the company pays Class 1A National Insurance.
- Loans may need shareholder approval and must be recorded properly.

✦ Zen tip

A mix of a modest salary and dividends is often the most tax-efficient approach for owner-directors, but the right balance depends on your profits, other income and plans. We work it out for you each year.

06 Your personal tax as a director

Your salary is taxed through PAYE, but you may also need to file a personal **Self Assessment tax return**, for example if you receive dividends above the allowance, have rental or other untaxed income, or HMRC asks you to. The online return and any tax due are normally due by **31 January** after the end of the tax year.

Benefits from the company

If the company gives you benefits, such as a company car, private medical insurance or an interest-free loan, these are usually taxable and must be reported on a P11D or payrolled. See our free guide *Benefits in Kind & P11Ds Explained*.

07 Insurance, contracts and protecting yourself

Being a careful director also means protecting the company and yourself:

- **Directors' and officers' (D&O) insurance** can cover legal costs if a claim is brought against you personally for decisions made as a director.
- **Business insurance**, such as public liability, professional indemnity and, if you have staff, employers' liability insurance, which is a legal requirement for most employers.
- **A shareholders' agreement** sets out what happens if a shareholder wants to leave, falls out with the others or dies. It's much easier to agree this at the start.
- **A service agreement** sets out your role, pay and notice as a director, which can matter for things like auto-enrolment and statutory pay.
- **Personal guarantees** on loans, leases or overdrafts make you personally liable, so read them carefully before signing.

08 Resigning or closing the company

Resigning as a director

You can usually resign by giving written notice to the company, in line with its articles. The company must then tell Companies House within **14 days**. Remember that a company must always have at least one director, and you can still be held responsible for decisions made while you were in office.

Closing the company

Route	When it's used
Voluntary strike-off	A solvent company that has stopped trading, has no debts and has dealt with its assets. The directors apply to Companies House.
Members' voluntary liquidation (MVL)	A solvent company with more than £25,000 to distribute to shareholders. A licensed insolvency practitioner is appointed.
Creditors' voluntary liquidation (CVL)	An insolvent company that can't pay its debts, closed through a licensed insolvency practitioner.

Our free guide *Closing a Limited Company* explains each route in more detail.

09 Your first 30 days as a new director

1. **Week 1: Verify your identity**
   Complete Companies House identity verification and make sure you have your personal code.
2. **Week 1: Open a business bank account**
   Keep company money completely separate from your own from day one.
3. **Week 2: Register for taxes**
   Register for Corporation Tax within 3 months of starting to trade, set up PAYE before the first payday, and register for VAT if needed.
4. **Week 2: Choose accounting software**
   Set up Xero, QuickBooks or FreeAgent with bank feeds so your records stay up to date.
5. **Week 3: Diarise your deadlines**
   Note your year end, accounts deadline, confirmation statement date and Corporation Tax deadlines.
6. **Week 3: Put your paperwork in place**
   Statutory registers, shareholders' agreement, insurance and a simple process for minutes and dividends.
7. **Week 4: Plan how you'll pay yourself**
   Agree a tax-efficient mix of salary and dividends with your accountant before taking money out.

10 Your director's checklist

Use this checklist to stay on top of your responsibilities:

- [ ] My identity is verified with Companies House (and any other directors and PSCs are too).
- [ ] I know my company's year end, accounts deadline and confirmation statement date.
- [ ] Our registered office and registered email address are up to date.
- [ ] The statutory registers (directors, members, PSCs) are kept up to date.
- [ ] Corporation Tax is diarised for payment 9 months and 1 day after the year end.
- [ ] Business and personal spending are kept separate, with a dedicated business bank account.
- [ ] Dividends are only declared when there are enough distributable profits, with minutes and vouchers.
- [ ] My director's loan account is monitored and repaid within 9 months of the year end.
- [ ] Benefits I receive from the company are reported on P11Ds or payrolled.
- [ ] Board decisions are minuted, and conflicts of interest are declared.
- [ ] I file my personal Self Assessment return if I need to.

✦ Let us do the remembering

As your accountant, we diarise every company deadline, prepare and file your accounts, Corporation Tax return and confirmation statement, and remind you what we need well in advance.

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How Zen can help

We take the admin off your plate so you can run your company with confidence, knowing your filings are right and on time.

- Annual accounts and Corporation Tax returns
- Confirmation statements and statutory registers
- Director identity verification support
- Salary and dividend planning
- Payroll and P11Ds for directors
- Director's loan account monitoring

Book a free, no-obligation call

Tell us about your business and we'll explain how we can help, with a tailored fixed-fee quote for just the services you need.

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