

## Company accounts HM Revenue & Customs require with a Company Tax Return

### The legal obligation to deliver a Company Tax Return

The legal obligation for a company to deliver a Company Tax Return is created by HM Revenue & Customs (HMRC) serving a 'Notice to deliver a Company Tax Return'. This notice is contained in form CT603.

The completed Company Tax Return form - CT600 - must be accompanied by accounts and computations. These documents together constitute the Company Tax Return.

The accounts are those which a company is required by statute (Companies Act 2006 and other legislation) or its own constitution to **prepare**, irrespective of any separate provisions that allow small and medium-sized companies to file abbreviated accounts with Companies House.

### Part II, Schedule 18 Finance Act 1998

HMRC may by notice require a company to deliver a Company Tax Return.

### CT603 - Notice to deliver a Company Tax Return

A company's completed return form - CT600 - and relevant supplementary pages must be accompanied by:

- A copy of the accounts of the company for the period covered by the return.
- Computations showing how entries on the return have been calculated from the relevant figures in the accounts.
- Provisions relating to Insurance Companies.
- Provisions relating to Friendly Societies.

The accounts and computations form an integral part of the Company Tax Return.

### What accounts must be submitted to HMRC?

For **companies resident in the UK** throughout the period covered by the return and required by company law to prepare accounts covering that period, those accounts including a copy of any directors and auditors report similarly required.

For **companies not resident in the UK** but carrying on a trade through a permanent establishment, branch or agency in the UK (all accounts must be in English):

- The trading and profit and loss accounts of the company.
- The trading and profit and loss accounts of the UK branch or agency covering the period to which the Return relates.
- Balance sheet for the company at the end of the period of account.
- If prepared, the balance sheet of the UK branch or agency at the same date
- In any other case, a copy of the accounts, including balance sheet, that the company is required by statute or by its constitution to prepare, covering the period to which the return relates.

Where the **company was outside the charge to Corporation Tax** - for example, because it was dormant - and there is no single set of accounts that covers the period, the most recent accounts prepared should be provided.

### **Company's Act - 'individual accounts'**

The directors of every company formed and registered under the Companies Act must prepare accounts for the company for each of its financial years. Those accounts are referred to as the company's 'individual accounts'.

Companies Act individual accounts must comprise of a balance sheet as at the last day of the financial year, and a profit and loss account.

Accounts must comply with provision made by the Secretary of State by regulations as to:

- the form and content of the balance sheet and profit and loss account, and
- additional information to be provided by way of notes to the accounts

### **Legislative requirement to prepare individual accounts - Part 15, Chapter 4, Companies Act (CA) 2006**

#### **Section 394 - duty to prepare individual accounts**

The directors of every company must prepare 'individual accounts' for the company for each of its financial years.

#### **Section 395 - individual accounts: applicable accounting framework**

A company's individual accounts must be prepared either in accordance with Section 396 CA2006 ('Companies Act individual accounts') or in accordance with international accounting standards ('IAS individual accounts'). **Please note -** Companies Act individual accounts will be tagged using the UK GAAP taxonomy; IAS individual accounts will be tagged using the UK-IFRS taxonomy. The individual accounts of a UK Companies Act company that is a charity must be Companies Act individual accounts.

#### **Section 396 - Companies Act individual accounts**

Companies Act individual accounts must comprise a balance sheet as at the last day of the financial year; and a profit and loss account. The accounts must comply with provision made by the Secretary of State by regulations as to the form and content of the balance sheet and profit and loss account; and additional information to be provided by way of notes to the accounts.

The HMRC Commissioners' Directions under the Income and Corporation Taxes (Electronic Communications) Regulations 2003 (as amended by Income and Corporation Taxes (Electronic Communications) (Amendment) Regulations 2009 (S.I. 2009/3218)) require companies to deliver their accounts in iXBRL if they have been prepared by reason of:

- Companies Act 2006
- Building Societies Act 1986
- Friendly and Industrial Provident Societies Act 1968
- Friendly Societies Act 1992
- Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008

[Read the HMRC Commissioner's directions](#)

**Please note:** where Corporation Tax computations, forming part of a Company Tax Return, are required then they must be provided in iXBRL format even where the accounts may be provided as a PDF file.

In addition to preparing its individual accounts, a company which is:

- a parent company of a small group **may** prepare group accounts
- a parent company other than of a small group **must** prepare group accounts (unless exempt)

A UK listed parent company:

- must prepare consolidated accounts under UK-IFRS
- must prepare its individual accounts either under UK GAAP or under UK-IFRS

## Part 15, Chapter 4, Companies Act 2006

### Section 398 option to prepare group accounts

If at the end of a financial year a company subject to the small company's regime is a parent company the directors, as well as preparing individual accounts for the year, may prepare group accounts for the year.

### Section 399 - duty to prepare group accounts

This section applies to companies that are not subject to the small company's regime. If at the end of the financial year the company is a parent company the directors, as well as preparing individual accounts for the year, must prepare group accounts for the year **unless the company is exempt from the requirement** (the exemptions in Section 400, Section 401 and Section 402 are not explored here), in which case it may still prepare group accounts if it chooses to do so.

### Section 403 - group accounts: applicable accounting framework

The group accounts of certain parent companies are required by Article 4 of the IAS Regulation to be prepared in accordance with international accounting standards ('IAS group accounts'). The group accounts of other companies may be prepared – in accordance with S.404 CA2006 ('Companies Act group accounts') or in accordance with international accounting standards ('IAS group accounts'). The group accounts of a UK Companies Act parent company that is a charity must be Companies Act group accounts.

### Section 404 - Companies Act group accounts

Companies Act group accounts must comprise of both of the following:

- a consolidated balance sheet dealing with the state of affairs of the parent company and its subsidiary undertakings
- a consolidated profit and loss account dealing with the profit or loss of the parent company and its subsidiary undertakings

The accounts must give a true and fair view and comply with provision made by the Secretary of State by regulations as to both:

- the form and content of the consolidated balance sheet and consolidated profit and loss account
- additional information to be provided by way of notes to the accounts

### **Section 405 - defines which subsidiary undertakings must be included in consolidation**

### **Section 406 - directors must state in the notes to the accounts if they've prepared those accounts in accordance with international accounting standards**

### **Section 407- consistency of financial reporting**

Section 407 prescribes consistency of financial reporting within a group unless the directors are of the opinion that there are good reasons for not using the same financial reporting framework. There are exceptions, which notably include the accounts of undertakings that are charities **not** having to be prepared under the same financial reporting framework as accounts of undertakings that are not charities.

### **Section 408**

Where a company prepares group accounts in accordance with Companies Act 2006 **and** the notes to the company's individual balance sheet show the company's profit or loss for the financial year then the company's individual profit and loss account must be approved by the directors (in accordance with S.414(1) CA 2006) but it may be omitted from the company's annual accounts for the purposes of the other provisions of the Companies Acts, provided the company's annual accounts disclose that this exemption applies.

**Please note:** Section 408 CA2006 does not absolve the directors of their duty to **prepare** the company's individual profit and loss account (indeed, they must formally approve it) and it is the accounts that a company is required by law to prepare that are the subject of a Notice to deliver a Company Tax Return. The company's individual profit and loss account must, therefore, be filed with HMRC as part of a Company Tax Return even though it may be omitted from the accounts that the company files with Companies House.

An overseas company resident in the UK must deliver the accounts required by the Notice to deliver a Company Tax Return in iXBRL format.

A company not resident in the UK but carrying on a trade in the UK through a permanent establishment, branch or agency in the UK must deliver any trading and profit and loss account and any balance sheet of the UK establishment, branch or agency required to be delivered as part of its Company Tax Return in iXBRL format.