POINT ACCOUNTING

GUIDE 5

VAT, Payroll and Other Tax Registrations

What your new company may need to register for

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What your new company may need to register for

Incorporating a company does not automatically complete all of its tax registrations.

Companies House creates the legal entity, but separate registrations may still be required with HM Revenue & Customs and other bodies depending on what the company does, how it pays people and the level or type of its income.

Some registrations are compulsory once particular conditions are met. Others are voluntary and should be considered commercially before an application is made.

Corporation Tax

Most active limited companies must register with HMRC for Corporation Tax when they begin trading.

“Trading” can include:

- Selling goods or services
- Advertising
- Employing people
- Renting business premises
- Entering commercial contracts
- Receiving income
- Carrying out other business activity

The date the company begins trading matters because it helps determine the start of its Corporation Tax accounting period.

Tell us when activity actually begins. The incorporation date and the trading date are not always the same.

A company that has not yet started trading may be dormant for Corporation Tax purposes, although Companies House filing obligations may still continue.

VAT registration

A business must generally register for VAT where its VAT-taxable turnover exceeds the statutory registration threshold.

As at July 2026, the compulsory VAT registration threshold is £90,000 of taxable turnover measured on a rolling 12-month basis.

This is not measured only by reference to the company’s financial year. At the end of each month, the company should consider its taxable turnover for the previous 12 months.

Registration may also be required where the business expects to exceed the threshold within the relevant forward-looking period.

Taxable turnover

VAT-taxable turnover includes sales that are:

- Standard-rated
- Reduced-rated
- Zero-rated

It does not normally include sales that are genuinely exempt or outside the scope of UK VAT, although the correct classification can be technical.

Zero-rated does not mean the same as exempt. Zero-rated sales still form part of taxable turnover and can count towards the registration threshold.

Where the company makes overseas sales, buys services from overseas suppliers or trades through online marketplaces, the VAT position should be reviewed separately.

Voluntary VAT registration

A company can sometimes register voluntarily before reaching the threshold.

Potential advantages include:

- Recovering VAT on qualifying business costs
- Appearing more established to certain customers
- Avoiding a sudden transition later
- Simplifying arrangements where most customers are VAT-registered
- Recovering VAT on certain pre-registration expenditure

Potential disadvantages include:

- Increasing the effective price charged to non-VAT-registered customers
- Additional bookkeeping and filing obligations
- Cash-flow pressure
- Greater risk of errors
- The need to maintain VAT-compliant records
- Restrictions on reclaiming VAT on certain expenditure

Voluntary registration is therefore a commercial decision as well as a tax decision.

A business selling mainly to VAT-registered companies may find the impact on customers relatively limited. A consumer-facing business operating in a price-sensitive market may find that VAT registration has a much greater effect on margins or pricing.

VAT Returns and Making Tax Digital

Most VAT-registered businesses must keep appropriate digital records and submit VAT Returns using compatible software.

A standard VAT quarter will normally require the return and payment to reach HMRC one month and seven days after the period ends.

The company should therefore maintain its records during the quarter rather than beginning the bookkeeping when the deadline approaches.

VAT collected from customers should be monitored separately. It is possible for a business to appear cash-rich while holding a significant amount that will shortly be payable to HMRC.

PAYE registration

The company may need to register as an employer where it:

- Pays a director or employee above the relevant threshold
- Employs someone who has another job
- Provides certain benefits or expenses
- Makes payments requiring payroll reporting
- Engages staff under arrangements falling within PAYE

The company may need to register even where there is only one director.

Once registered, the company must operate payroll correctly and submit Real Time Information reports to HMRC. HMRC’s guidance confirms that salary payments by a limited company require the company to operate PAYE and account for applicable Income Tax and National Insurance.

Payroll must happen in real time

Payroll should not normally be reconstructed at the end of the year.

Before each pay date, the company should confirm:

- Gross salary
- Bonuses or commissions
- Hours or variable pay

- Pension deductions
- Statutory payments
- New starters
- Leavers
- Benefits or deductions
- Changes of address or other employee details

A Full Payment Submission is generally made on or before the employee is paid.

Paying an irregular amount to a director and deciding several months later that it was salary can result in inaccurate payroll filings and avoidable corrections.

Employer National Insurance

The company may have to pay employer National Insurance in addition to the employee deductions taken through payroll.

This is a company cost and should be included when assessing the true cost of employing someone or setting a director’s salary.

Some employers may qualify for Employment Allowance, but single-director companies can face restrictions. Eligibility should be checked rather than assumed.

Workplace pensions

Automatic-enrolment duties can arise when the company employs eligible workers.

The company may need to:

- Assess workers
- Provide statutory communications
- Enrol eligible staff
- Make employer contributions
- Deduct employee contributions
- Submit pension information
- Complete a declaration of compliance
- Reassess staff periodically

A company with only directors may have different duties depending on the number of directors and whether they have employment contracts.

Pension obligations should be considered when the first employee is taken on, rather than after payroll has already begun.

Construction Industry Scheme

A company may need to register under the Construction Industry Scheme where it:

- Pays subcontractors for construction work
- Operates as a contractor
- Carries out construction activity as part of its business
- Meets the rules applying to deemed contractors

A contractor may need to verify subcontractors, deduct tax at the appropriate rate, submit monthly returns and issue payment statements.

A company performing construction work may also wish to register as a subcontractor so that deductions are made at the correct rate.

CIS and VAT can interact through the domestic reverse-charge rules, so construction businesses should not treat the two regimes independently.

Self Assessment for directors and shareholders

Becoming a director does not, by itself in every case, automatically mean that a Self Assessment return is required.

A return may nevertheless be necessary where the individual has:

- Dividend income
- Untaxed income
- Rental income
- Capital gains
- Income above the relevant limits
- Certain benefits or other reportable amounts
- A notice from HMRC requiring a return

Where HMRC issues a formal notice to file, a return normally needs to be submitted unless HMRC agrees to withdraw the notice.

Tell us about all personal income, not only amounts received from the company.

Importing and exporting

Businesses importing or exporting goods may require an Economic Operators Registration and Identification number, commonly known as an EORI number.

Additional obligations may arise for:

- Customs declarations
- Import VAT
- Customs duty
- Postponed import VAT accounting
- Commodity codes
- Rules of origin
- Northern Ireland movements
- Overseas VAT registrations
- Online marketplace sales

The correct registration depends on where goods move from, where they move to and who is responsible for the customs process.

Data protection registration

Many companies that process personal information must consider whether they need to register with the Information Commissioner's Office and pay the data-protection fee.

The position depends on how the company uses personal data and whether an exemption applies.

This is not a tax registration, but it is commonly overlooked by new companies.

Sector-specific registrations

Certain activities require licences, approvals or regulatory registrations before the company begins operating.

These may include areas such as:

- Financial services
- Consumer credit
- Care services
- Food businesses
- Waste handling
- Transport
- Alcohol
- Childcare
- Recruitment
- Property services
- Professional or regulated occupations

Incorporation does not itself authorise the company to carry on regulated activity.

Where the business enters a regulated or licensed area, the requirements should be considered before contracts are signed or customers are approached.

Changes after registration

Registrations should be reviewed as the business develops.

A company may begin below the VAT threshold, without employees and with no overseas activity, but become subject to additional obligations as turnover grows or its operating model changes.

Tell us before the company:

- Takes on its first employee
- Pays a director
- Approaches the VAT threshold
- Begins construction work
- Starts importing or exporting
- Makes overseas sales
- Opens another business activity
- Provides taxable benefits
- Acquires another company
- Changes its ownership or directors

Advice obtained before the event is usually more valuable than correction after the filing deadline.

Your initial registration checklist

A new company should consider:

- Corporation Tax
- VAT
- PAYE
- Workplace pensions
- Construction Industry Scheme
- Self Assessment
- EORI and customs
- Data-protection registration
- Sector-specific licences
- Local-authority registrations
- Other regulatory bodies

Not every company needs every registration. The purpose of the checklist is to make a conscious decision, rather than assuming that Companies House has automatically dealt with everything.

The practical rule

Register when the company is required to register, but do not apply for every available scheme without understanding the ongoing consequences.

A registration is rarely a one-off form. It normally creates a continuing obligation to maintain records, file returns, make payments and notify changes. The commercial question is therefore not only, “Can we register?” but also, “What will this require the business to do afterwards?”

This guide provides general information only. Registration requirements depend on the company’s turnover, activities, workforce, customers, suppliers and geographical markets.

Need advice tailored to your company?
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