your company: set up, run and protect it

SIMMONS MEGLAUGHLIN & ORR
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Client briefing · Autumn 2026 · companies, shareholders, directors, tax and groups

Northern Ireland and Ireland

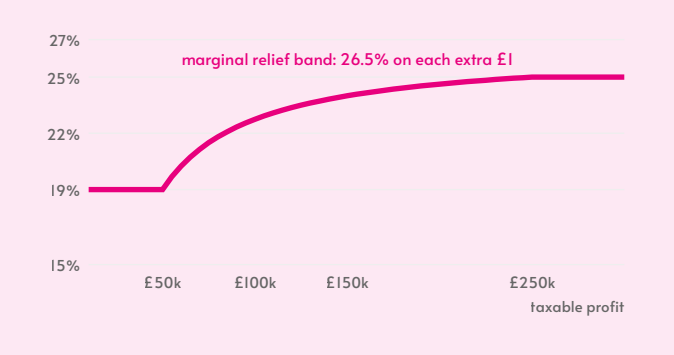
A limited company is still the best vehicle for most growing businesses, but the rules have tightened. Directors must now verify their identity, fees have doubled, dividend tax has risen, and accounts filing is changing. This guide explains what every company owner needs to know, from the day you incorporate to the day you sell.

Company or sole trader?

	Sole trader	Limited company
Liability	Unlimited: your home is at risk	Limited to your shares, with exceptions (page 3)
Tax on profit	Income tax up to 45% plus NIC	Corporation tax 19% to 25%, then tax on what you draw
Paperwork	Self-assessment only	Accounts, confirmation statement, registers
Privacy	Private	Directors, owners and accounts are public
Investment and sale	Hard to bring in partners	Easy to issue or sell shares
Succession	The business ends with you	Shares pass on, often with 100% BPR

Corporation tax on profits

19% on profits up to £50,000 and 25% above £250,000. In between, marginal relief means each extra pound is taxed at 26.5%, so the average rate climbs steadily.



The limits are divided between associated companies, so two companies under common control share one set of thresholds.

The numbers at a glance, 2026/27

Item	Figure	Item	Figure
Companies House incorporation, digital	£100	Dividend allowance	£500
Confirmation statement, digital	£50	Dividend tax: basic, higher, additional	10.75% · 35.75% · 39.35%
VAT registration threshold	£90,000	Tax on an overdrawn director's loan (s455)	35.75%
Irish trading rate for comparison	12.5%	Business asset disposal relief on a sale	18% on up to £1m

The Autumn Budget on 28 October 2026 may change some of these figures. We will confirm the position when we advise you.

Forming your company and agreeing the rules between owners

From idea to trading company in eight steps

1 Name
Check it is free and not too like another. Some words need approval.

2 Registered office
An address in Northern Ireland makes it an NI company, with an "NI" number. You also need a registered email.

3 Directors
At least one, aged 16 or over. Each must verify their identity with Companies House before appointment.

4 Shares
Who owns what, and whether different classes of shares are needed for dividends or voting.

5 Control
Record anyone with more than 25% of shares or votes as a person with significant control. They must verify their identity too.

6 Articles
The model articles, or bespoke articles tailored to your owners.

7 Incorporate
File with Companies House. Registration usually takes about 24 hours.

8 After incorporation
Register for corporation tax within three months of trading, set up PAYE and VAT, open a bank account, keep statutory registers and sign the shareholders' agreement.

Why every company with more than one owner needs a shareholders' agreement

The articles are public and fairly generic. A shareholders' agreement is private, and it is where the real bargain between the owners is set out. Without one, a 51% shareholder can control almost everything, and a falling-out can freeze the business.

What a good agreement covers

- Reserved matters: decisions that need everyone's consent, such as borrowing, new shares, selling the business or hiring family.
- Transfers: pre-emption rights, so shares are offered to existing owners before anyone else.
- Drag and tag: the majority can make everyone sell to a genuine buyer, and the minority can join any sale on the same terms.
- Leavers: what happens to the shares of an owner who leaves, dies or falls ill, and at what price.
- Deadlock: a route out if 50:50 owners cannot agree, such as mediation, then a buy-sell mechanism.
- Dividends, restrictive covenants and how the company will be funded.

Leaver provisions in practice

Type of leaver	Typical price for shares
Good leaver: death, ill health, retirement or redundancy	Full market value
Bad leaver: gross misconduct, breach of covenants, or leaving to a competitor	Lower of cost and market value
Intermediate: resigning within a set period	A sliding scale over time

Protect the family

Pair the agreement with cross-option agreements and shareholder protection insurance. If an owner dies, the survivors then have the funds to buy the shares, and the family receives cash rather than a minority stake.

Registers and records

The company must keep registers of members, directors and people with significant control, minutes of board and shareholder decisions, and copies of resolutions. Changes to directors, PSCs, the registered office and share capital must be notified to Companies House, mostly within 14 days.

Setting up in the Republic?

Irish companies register with the Companies Registration Office. At least one director must be resident in the EEA, or the company must put a bond in place, and beneficial owners must be registered with the RBO. An NI company trading regularly in the Republic may have an Irish tax presence. Take advice before you start.

Directors' duties, accounts, filings and personal liability

Your seven duties as a director

Companies Act 2006	In plain terms
s171	Act within the company's constitution and use powers properly
s172	Promote the success of the company for its members as a whole
s173	Exercise independent judgment
s174	Take reasonable care, skill and diligence
s175	Avoid conflicts of interest
s176	Do not accept benefits from third parties
s177	Declare any interest in a proposed transaction

Your duties are owed to the company, not to you as a shareholder. Money in the company's account is not yours until it is paid out properly as salary, dividend or loan repayment. Dividends can only be paid from distributable profits. An unlawful dividend can be clawed back.

Limited liability, and where it runs out

Your liability as a shareholder is limited to what you paid for your shares. But directors can become personally liable, most often through:

- Personal guarantees given to banks, landlords and suppliers.
- An overdrawn director's loan account, which a liquidator will collect.
- Wrongful trading: under Article 178 of the Insolvency (NI) Order 1989, if you knew or ought to have concluded that insolvent liquidation could not reasonably be avoided, and did not take every step to minimise the loss to creditors, the court can order you to contribute personally.
- Fraudulent trading (Article 177), which is also a criminal offence.
- Reusing the name of a liquidated company without permission.
- HMRC personal liability notices for unpaid PAYE and National Insurance, and joint liability notices in certain insolvency and avoidance cases.

Serious failures can lead to disqualification for up to 15 years under the Company Directors Disqualification (NI) Order 2002.

If the company is struggling

Hold board meetings and minute them. Take advice from us and an insolvency practitioner early. Stop taking new credit you cannot repay, do not prefer one creditor over another, and keep paying PAYE and VAT. Acting early keeps the most options open, including rescue.

Company size and your accounts

A company is in a category if it meets two of the three limits, which rose in April 2025.

Size	Turnover	Balance sheet	Staff
Micro	£1m	£500k	10
Small	£15m	£7.5m	50
Medium	£54m	£27m	250

Small companies are usually exempt from audit, although shareholders holding 10% or more can require one. Since April 2026, returns and accounts sent to HMRC must use commercial software. From April 2028, all accounts must be filed at Companies House through software, and small and micro companies must also file a profit and loss account.

Your compliance calendar

What	When
First accounts	21 months after incorporation
Annual accounts	9 months after the year end
Corporation tax payment	9 months and 1 day after the year end
Corporation tax return	12 months after the year end
Confirmation statement	Every year, within 14 days of its review date
Director and PSC changes	Generally within 14 days
Identity verification	Existing directors and PSCs, by their next confirmation statement

Late filing brings automatic penalties, and a company that stops filing can be struck off.

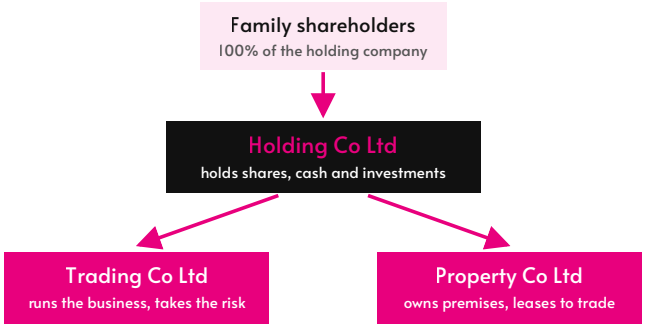
Growing and planning ahead

Holding companies, group structures and HMRC clearances

Why put a holding company on top?

- Ring-fence risk: keep valuable property or cash away from the trading company's creditors.
- Move cash tax-free: dividends from subsidiary to holding company are generally exempt, so profits can be reinvested across the group.
- Sell cleanly: the substantial shareholding exemption can let the holding company sell a trading subsidiary free of corporation tax.
- Plan succession: the next generation can take shares in a new venture without disturbing the core business.

A typical owner-managed group



The reliefs that make restructuring work

Relief	What it does
Share-for-share exchange	Shareholders swap their shares for holding company shares with no CGT at that point (s135 TCGA 1992)
Stamp duty relief	No 0.5% stamp duty on a qualifying share exchange
Substantial shareholding exemption	A sale of a trading subsidiary held at 10% or more for 12 months can be free of corporation tax
Group relief	Losses in one company can be set against profits in another, in 75% groups
Gains group	Assets move between 75% group companies without a tax charge

HMRC clearances: getting certainty first

Clearance	When you need it
s138 TCGA 1992	Share exchanges and reconstructions, confirming there is a genuine commercial purpose
s701 ITA 2007	Transactions in securities, so that capital is not taxed as income. Usually applied for together with s138
s1044 CTA 2010	When the company buys back an owner's shares, to secure capital rather than income treatment
EIS and SEIS	Advance assurance before raising investment from individuals
Non-statutory	HMRC's view on real uncertainty in the law

Statutory clearances are normally answered within 30 days. We apply before the transaction, never after.

Selling or passing on your company

Selling your shares

Business asset disposal relief taxes up to £1m of lifetime gains at 18%. You need at least 5% of the shares and votes, and must have been an officer or employee, for two years.

Passing them on

Shares in an unquoted trading company can qualify for 100% business property relief within the £2.5m allowance, and 50% above it. See our succession briefing.

Rewarding key staff

EMI share options can give employees a stake in the growth, with income tax and NIC savings if the rules are met.

Watch the cash pile

Too much surplus cash or investment can cost the company its trading status, and with it BADR and BPR. Review this well before any sale or succession.

Other essentials for owners

A director's service agreement, employment contracts and a staff handbook. Insurance: employers' liability is compulsory, and consider directors' and officers' cover. GDPR registration with the ICO. Trade mark your name. Keep your wills and EPA in step with your shares, as company shares often pass free of inheritance tax.

Our view

The cheapest time to get the structure right is at the start. Unwinding a poorly set-up company, or resolving a dispute between owners without an agreement, costs many times more.

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The law is rarely one size fits all. While the same legal principles apply, every case turns on its own facts. This guide is reviewed and updated as the law and tax rules change. This briefing is general guidance based on the law and rates in force at Autumn 2026. It is not advice on your circumstances, and tax rules change. Please take advice before acting.

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