Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CLEVER CHECKLISTS · No. 12 · BUSINESS TAX

Corporation Tax and Close Companies Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Corporation tax is 19% on profits to £50,000, 25% above £250,000 and marginal relief in between. Associated companies divide those limits. A director's loan outstanding nine months and one day after year end brings a 35.75% charge. Close companies need clear business purpose for expenses.

THE KEY FIGURES

2026/27 figure	Amount
Small profits rate	19% up to £50,000
Main rate	25% above £250,000
Marginal relief	profits between £50,000 and £250,000
Section 455 charge	35.75% (loans from 6 April 2026)
Payment date	9 months and 1 day after year end
Filing	12 months after year end

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Have you counted associated companies?**	Companies under common control divide the £50,000 and £250,000 limits by the number of associates.	Group structure chart, share registers
☐	**Is marginal relief calculated, not a flat 25%?**	Relief is 3/200 of the gap between the upper limit and profits.	CT600 computation
☐	**Is the director's loan under control?**	A balance still owed at nine months and one day after the year end triggers 35.75%. Repaying and re-borrowing within 30 days does not avoid it.	Director's loan account, bank statements
☐	**Are dividends from distributable profits only?**	Unlawful dividends are repayable. Keep minutes, vouchers and a distributable reserves calculation.	Dividend vouchers, management accounts
☐	**Are personal expenses kept out?**	HMRC targets private costs paid by the company. Keep the business purpose on file.	Receipts, mileage logs
☐	**Is the Patent Box claim made where eligible?**	A 10% rate can apply to qualifying profits with a nexus fraction and an election.	R&D file, election

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MY PRO TIP

a director's loan left open becomes a tax bill.

A worked example

A single company has £100,000 of profit. Tax is 25% of £100,000 less marginal relief of 3/200 of £150,000, so £25,000 less £2,250, which is £22,750. If it has one associated company, the limits halve to £25,000 and £125,000. Each company with £100,000 of profit pays £25,000 less £375, so £24,625 each, £49,250 in total.

The trap to avoid

Paying a dividend when there are no distributable profits. The dividend is unlawful, the director may have to repay it, and the tax treatment is a mess.

Test your accountant

One question that tells you if you have the right adviser:

Have you checked associated companies and when my director's loan balance needs clearing?

What has changed recently

- The director's loan charge is 35.75% for loans made from 6 April 2026.
- Dividend rates rose in April 2026. See the savings and dividends checklist.
- Capital allowances changed. See the capital allowances checklist.

Questions I get asked

What is the corporation tax rate for 2026/27?

19% on profits to £50,000, 25% above £250,000, and a tapered rate between. Associated companies reduce those limits.

What is section 455 tax?

A charge of 35.75% on loans to participators that are not repaid within nine months and one day of the year end. It is refunded when the loan is cleared.

What are associated companies?

Companies under common control. They share the corporation tax limits, so splitting a business into companies rarely saves tax.

Can a company pay a dividend with no profit?

Not lawfully. Dividends must come from distributable reserves, supported by accounts and board minutes.

The 9 CAD Keys link: Consistency

Consistency in company tax is month-by-month discipline. Loans, dividends and expenses should be monitored through the year, not discovered afterwards.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

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R&D Tax Relief Checklist 2026/27

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Capital Allowances Checklist 2026/27

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Self-Employment and Partnerships Checklist 2026/27

Go deeper: my books

For this topic, start with **Business Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Tick the boxes, tidy the nest.

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Scan to read online, tick it on screen and take the Scorecard



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