



## Indie Dev' Guide Limited Companies

### Introduction

A Limited company is a separate legal entity, which you can set up to run your business through. Most video game developer start-ups will choose to form a Limited company, as this is one of the most recognised forms of trading. It is also the only entity that gives games access to the Video Games Tax Relief claim introduced by the government in 2014.

The company is accountable for everything it does and its finances are separate to that of your own personal finances.

### Director and Shareholder

A company's day to day activities are managed by the company director, who is an employee of the company.

Commonly the company director is also the shareholder of the company, meaning they are both an employee (as a director) and owner (as a shareholder) of the company.

Most limited companies are limited by shares, which means any shareholders financial risk is limited to the value of shares that they own.

A director will often receive a salary from the company, but does not have to be paid a salary, because the minimum wage rules do not apply to UK company directors.

As long as company directors have met their duties and not broken any laws, they are not responsible for debts the business can't pay if it fails.

If the company makes a profit, it pays corporation tax. Post-tax profits can then be paid to shareholders as dividends (profit shares).

### Important dates

The initial company year is set automatically based on the date the company is formed. For example, a company formed any time in March will automatically have a first accounting period ending on 31 March the following year. The company year-end can be shortened or extended, if there is a desire to do so. It can be shortened as many times as you like, but only extend once every 5 years.

Normally, you have 9 months after the accounting period end to submit the company abbreviated accounts to Companies House. However, in the first period this may vary as the deadline for submitting your first set of accounts is 21 months after the date the company was formed.

Corporation tax is due 9 months and 1 day after the accounting period end and the company tax return is due 12 months after the accounting period end.



## Indie Dev' Guide– The Basics

### Important Matters

When starting a company there are a number of matters you will need to consider. Each of the topics below are covered by their own individual guides.

- Self-Assessment – As a director of a UK Limited company you are required to register for self-assessment and complete tax returns
- VAT – The current threshold for compulsory registration is turnover of £85,000.
- Payroll – Paying yourself and employees a salary and being tax efficient
- Funding – Ways you may be able to finance the development of your prototype
- Bookkeeping – Digital tax accounts and bookkeeping software
- Auto Enrolment – Work Place Pensions for directors and employees.
- Corporation Tax – How much will you pay, when is it due and how you can mitigate
- British Film Institute (BFI) certification – Why, how, where & when to apply.
- Video Games Tax Relief – Am I eligible, what relief is available and how do I claim?
- R&D Tax Relief – Am I eligible, what relief is available and how do I claim?