

NEW SELF-ASSESSMENT REQUIREMENTS FOR DIRECTORS OF CLOSE COMPANIES

OCTOBER 2026

CORPORATE BRIEFING

From the 2025/26 tax year onwards, individuals who are otherwise required to file a UK Self Assessment tax return must provide additional information if they were directors of close companies during the year.

Being a company director, including a director of a close company, does not of itself create an obligation to file a Self Assessment return. The additional disclosure requirements apply only where the individual is required to file a return for another reason or has been required by HMRC to do so.

The requirements form part of HMRC's wider move towards more detailed, data-led tax administration. By collecting additional information on close company directorships, shareholdings, and dividend receipts, HMRC will be better able to compare personal tax return data with company records, identify inconsistencies, and target compliance activity more effectively.

In practical terms, information that may previously have been held only within company records will now need to be reported in a structured format on the individual's tax return.

Close companies

Broadly, a close company is a UK-resident company that is:

- controlled by five or fewer participators; or
- controlled by participators who are also directors.

A company may also be close where five or fewer participators, or participators who are directors, would together be entitled to the greater part of its assets available for distribution on a winding up.

A participator will often be a shareholder, but the statutory definition is considerably wider and can include persons entitled to acquire shares or voting rights, loan creditors, persons entitled to company distributions, and others with an economic interest in the company.

Many owner-managed, family-owned and private investment companies will, therefore, fall within the close company rules.

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Determining whether a company is close can be more complex where there are:

- different classes of shares;
- changes in ownership during the year;
- family or trust ownership structures;
- share options or other rights over shares; or
- connected persons whose interests must be taken into account.

Certain companies are excluded from the close company rules, including non-UK resident companies, building societies, and registered societies, together with certain quoted or widely held companies.

Changes introduced by the 2025 Regulations

The Income Tax (Additional Information to be Included in Returns) Regulations 2025 came into force on 6 April 2025 and apply to Self Assessment returns for the 2025/26 tax year onwards. The Self Assessment employment pages already asked individuals whether they were company directors and, if so, whether the relevant companies were close companies. The Regulations introduce the additional reporting requirements for directors of close companies described below.

Individuals who are required to file a personal Self Assessment return must indicate whether they were a company director during the tax year and, if so, whether any such company was a close company.

Where an individual was a director of a close company during the tax year, the return must also include:

- the close company's name;
- the company's registered number;
- the amount of dividend income received from the close company during the tax year (which may be nil); and
- the individual's total percentage shareholding in the company. HMRC's guidance states that this should be calculated by comparing the aggregate nominal value of the shares held by the individual with the aggregate nominal value of the company's issued share capital. This may be nil where the individual is a director but does not hold any shares.

Where the individual's shareholding changed during the year, the highest percentage held during the tax year must be reported.

HMRC's guidance states that the percentage reported on the return should be calculated by reference to the nominal value of the shares. This reporting calculation is distinct from the test of whether the company is a close company. In determining close-company status, the rights attaching to different classes of share, including voting, dividend and capital rights, may be relevant.

Where an individual was a director of more than one close company, the relevant information must be provided separately for each directorship, ordinarily through a separate set of SA102 employment pages.

Where an individual was a director of a company that was not a close company, the return must still indicate that a directorship existed, but the additional close company information listed above is not required.

Overseas-incorporated companies

An overseas-incorporated company that is not UK tax resident is not generally a close company for UK tax purposes, even if it has registered a UK establishment at Companies House. An overseas-

incorporated company that is UK tax resident may, however, fall within the close company rules if the relevant statutory conditions are met.

The reporting position may be less straightforward where an overseas-incorporated company does not have a conventional UK company registration number, or has only a number allocated in connection with a UK establishment. HMRC guidance on the application of the new return fields to these circumstances remains limited. The appropriate disclosure and filing mechanism should, therefore, be considered on a case-by-case basis.

Practical considerations

The required information may not always be readily available to the director personally. Directors and their advisers should obtain the records needed to establish the correct disclosure, particularly where the ownership or rights changed during the year.

Relevant records may include:

- the register of members and share capital records, including details of any changes during the year;
- dividend vouchers and other supporting dividend records;
- the Articles of Association and details of the rights attached to each share class;
- documents relating to share issues, transfers, options, reorganisations or restructurings;
- evidence of relevant family, trust, nominee or connected-person interests; and
- for an overseas-incorporated company, evidence concerning its tax residence and registration particulars.

Inconsistent reporting across the individual's return, company records and other information available to HMRC may increase the likelihood of an enquiry.

Incomplete or inaccurate disclosure may result in the return being queried by HMRC and, depending on the circumstances and the applicable statutory conditions, may expose the taxpayer to penalties.

Recommendation

Directors within Self Assessment should begin assembling the relevant records before the return is prepared, particularly where ownership changed during the year or the company has multiple share classes or an overseas element.

For individuals filing online, the deadline for submitting the 2025/26 Self Assessment tax return is 31 January 2027. Early preparation will help avoid delays and reduce the risk of incomplete or inconsistent disclosures.

If you have any questions in relation to these reporting requirements, please contact your usual Rawlinson & Hunter contact.

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