

I Want to Take Dividends from My Company... Now What?

What You Need To Do Now

- **Check if there are profits available.** Dividends can only be paid out of accumulated profits - not just what's in the bank. Your company needs to have enough retained profit after all expenses and taxes to legally issue dividends.
- **Prepare proper paperwork.** Every dividend payment needs board approval, a dividend voucher, and board meeting minutes. Even if it's just you as the sole director, this still applies.
- **Know your tax position.** Dividends are not taxed through PAYE. They must be reported through Self Assessment, and you may owe additional tax depending on your total income.
- **Don't take "dividends" randomly.** Withdrawing money from the company without a formal dividend declaration can lead to an overdrawn director's loan account - which has tax and reporting consequences if not repaid.
- **Keep good records.** Record the date, amount, and recipients of each dividend. This helps at tax time and proves the dividend was legal.
- **Review your overall pay mix.** Many directors take a low salary and top up with dividends. Make sure this is structured correctly and suits your personal tax position.

How I Can Help

I can:

- Check your company's profits to see if dividends can be paid
- Calculate how much you can withdraw and still stay tax efficient
- Prepare the right documents and keep your records compliant
- Advise on salary vs. dividend mix based on your wider income
- Flag if you're accidentally creating a director's loan

Easy Mistakes to Avoid

- ✗ Taking money out of the company before confirming profits
- ✗ Forgetting to declare dividends through Self Assessment
- ✗ Not creating dividend vouchers or board minutes
- ✗ Paying dividends when there's a director's loan already outstanding
- ✗ Assuming all company money belongs to you personally

Need a hand?

Dividends are a great way to take profits - when done properly. I'll help you stay on the right side of the rules and make sure your money works for you, not against you.