

Service Company Question?

The self assessment service company question is found on page 4 of the tax return.

The question states:

'If you provided your services through a service company (a company which provides your personal services to third parties), enter the total of the dividends (including the tax credit) and salary (before tax was taken off) you withdrew from the company in the tax year - read page TRG 20 of the guide'

To determine if this needs answering you first need to decide if you generated your income through a service company. If you were working through a Limited Company then you should check to see how the Limited Company answered Question 6 part 1 on the P35 it submitted, they would have determined if they were a service company based on the following:

You are a service company if the following apply:

- An individual performed services (intellectual, manual or a mixture of the two) for a client or clients, and
- The services were provided under a contract between the client and the service company of which, at any time during the tax year, the individual performing the services was a shareholder, and
- The service company's income was, at any time during the tax year, derived wholly or mainly (that is, more than half of it) from the services performed by the shareholders personally.

If you are a sole director/shareholder/employee of a Limited Company then it is highly likely that it is a service company and, as such, the service company box should be completed on the personal tax return. Please note that this box should not be completed if all the income you derived from the service company was employment income.

How to complete the Service Company box:

Assuming you have determined that the box should be completed you need to know what to put in the box. You complete the box by detailing the total income you received from the service company which comprises as the following:

- Gross salary received before the deduction of tax, and
- Gross dividends received including the tax credit.



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