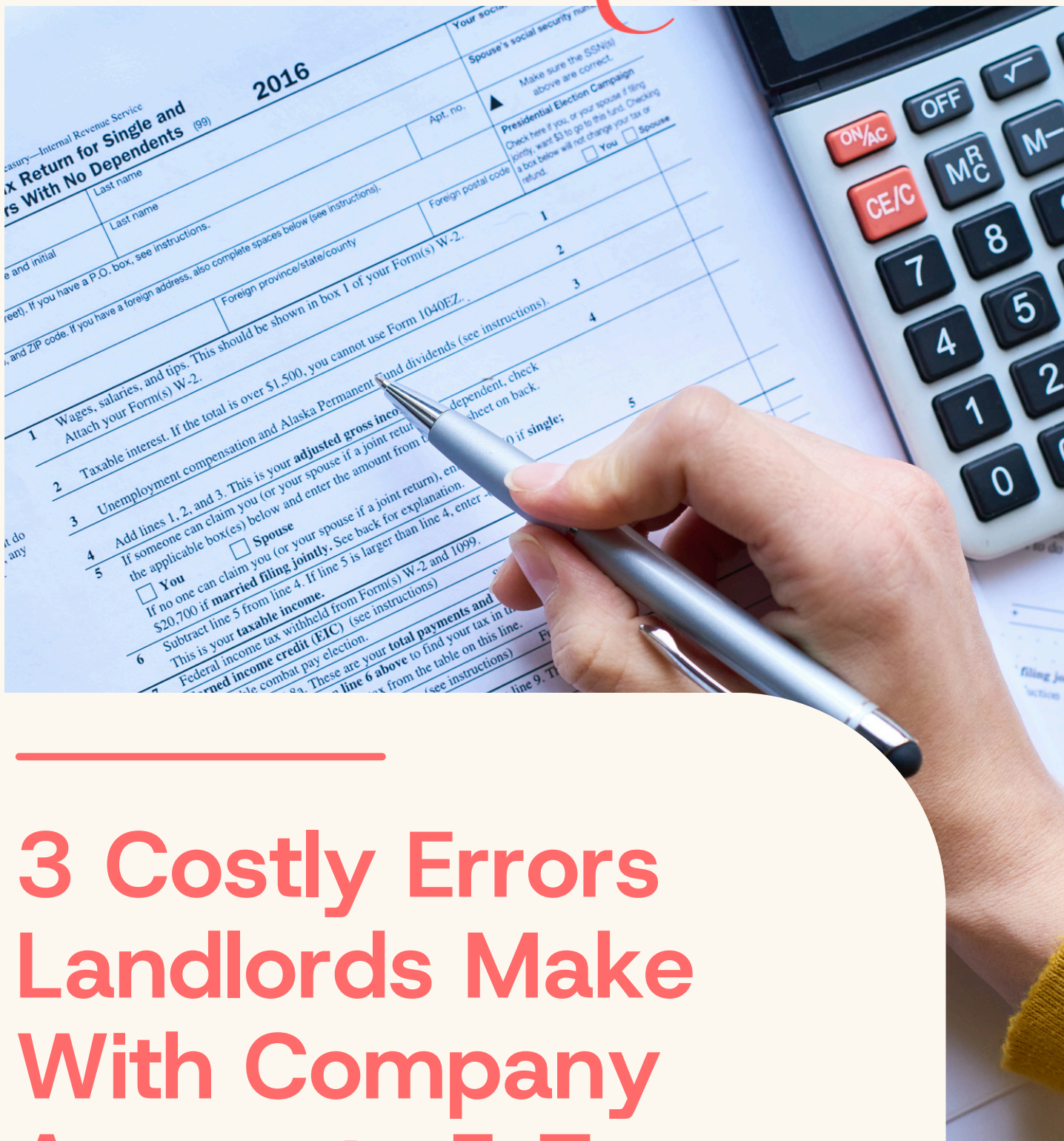


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3 Costly Errors Landlords Make With Company Accounts & Tax Returns

A 2025 Guide for UK Property Investors Using a Limited Company

Using a limited company to manage your buy-to-let portfolio can bring real tax advantages—but only if you play by the rules. In 2025, with HMRC scrutiny increasing and reporting deadlines tighter than ever, landlords can't afford to make mistakes.

This short guide breaks down the three most expensive errors landlords make when it comes to company accounts and tax—and how to avoid them.

Error 1: Treating Company Funds Like Personal Cash

What it looks like:

Taking money from the company account to cover personal expenses or treating rental income as “yours” without following proper procedures.

Why it's costly:

- **Directors' loan accounts** can quickly become overdrawn – leading to **extra corporation tax charges** (Section 455 tax at 33.75% in 2025).
- HMRC may treat some withdrawals as **dividends** or **salary** – triggering **unexpected income tax** or **National Insurance liabilities**.
- It can complicate your **annual accounts** and create compliance headaches with Companies House.

How to avoid it:

- Pay yourself via **salary** or **dividends**, following proper process.
- Work with an accountant to keep your **director's loan account** clean.
- Remember: the company is a separate legal entity – it owns the money, not you.





Error 2: Misunderstanding What Can Be Claimed

What it looks like:

Assuming all property-related costs are deductible, or missing legitimate expenses altogether.

Why it's costly:

- Claiming **disallowed expenses** (like personal travel or home office furniture) can trigger **penalties** if HMRC reviews your return.
- Missing legitimate costs – such as **mortgage interest, letting agent fees, or professional subscriptions** – means **paying more tax than necessary**.

What's changed in 2025?

- **Mortgage interest is still fully deductible** in a limited company – unlike for individual landlords under Section 24.
- **Capital allowances** for energy-efficient improvements remain under scrutiny – claiming the wrong ones could backfire.
- New HMRC **guidance on apportioning costs** for mixed-use properties has made compliance trickier.

How to avoid it:

- Keep **detailed receipts** and a digital trail of all expenses.
- Use **property-specific accounting software** or spreadsheets to track costs by property.
- Work with an accountant who specialises in **property taxation**.

Error 3: Filing Late... or Not At All

What it looks like:

Missing filing deadlines for:

- Corporation Tax return (CT600)
- Company accounts to Companies House
- Confirmation statement
- Personal Self Assessment (if you draw income)

Why it's costly:

- Penalties start from **£150** and quickly escalate.
- Interest on unpaid tax accumulates from **day one**.
- Filing late flags your company to lenders as **high risk**, which can impact future mortgage options.

Key 2025 Deadlines to Know:

- **Accounts filing:** 9 months after company year-end
- **Corporation tax return:** 12 months after company year-end, but tax is due 9 months and 1 day after year-end
- **Confirmation statement:** Every 12 months
- **Self Assessment:** 31 January 2025 (for 2023/24 tax year)

How to avoid it:

- Set up **automated reminders** for all company deadlines
- Don't rely on Companies House letters – they won't chase you
- Work with a specialist accountant who can file on your behalf (and remind you when they need documents)



Play Smart, Stay Compliant

Using a limited company to grow your property portfolio can be a smart move, but only if you stay compliant with both Companies House and HMRC. The errors in this guide are all avoidable, but they're still common – and costly.

Make sure you:

- ✓ Keep personal and company money separate
- ✓ Claim the right expenses (and only the right ones)
- ✓ File every document on time

Need Help?

We work with landlords across the UK who use limited companies to manage their buy-to-lets. If you want:

- A property accountant who gets the rules
 - Help filing accounts and returns
 - Advice on drawing money from your company smartly
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