

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET COMMITTEE – GROUP COMPANY GOVERNANCE
Report of:	Corporate Director – Finance & Governance
Date of Decision:	12 December 2018
Subject:	Requirements for Company Statutory Filing
Wards affected: All	
1 Purpose	
1.1	The Council is associated with a number of companies that fall within its sphere of control, either as subsidiaries where the Council has control, associates where the Council has significant influence, Joint Ventures or through partnership arrangements.
1.2	Where a company is set up as a separate legal entity and registered with Companies House, it is required to file specific documents on a regular basis so that information is readily available to tax authorities or the general public. Failure to file appropriate returns may lead to a range of penalties ranging from fines to, in the most serious cases, terms of imprisonment.
1.3	This report provides information to members on the range of returns that need to be filed and the penalties associated with any failure to comply with statutory responsibilities.
2 Decisions recommended:	
2.1	Members are recommended to note the report.
2.2	Further reports will be provided where there is any failure of companies in meeting statutory deadlines for reporting information.

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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?:
This report is for information only and provides members with information on the requirements of registered companies.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
Section 151 of the Local Government Act requires the Corporate Director of Finance and Governance (as responsible officer) to ensure proper administration of the Council's financial affairs.
- 3.4 Will decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
This report considers the main risks that the Council faces as a result of its operation through and partnership arrangements with external organisations. The report sets out the actions being taken to mitigate those risks.

4 Relevant background/chronology of key events:

- 4.1 The creation of a limited company or partnership requires directors to file specific returns so that information is publicly accessible through Companies House and that appropriate returns are provided to Her Majesty's Revenues and Customs (HMRC).
- 4.2 Details of the filings and returns are set out in Appendix 1.

Signature:

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Clive Heaphy, Corporate Director – Finance & Governance

Appendix

Appendix 1 – Company Filing Requirements

Appendix 2 - Surcharge and Penalties for late filing of VAT returns

Company Filing Requirements

Companies House

Item	Responsibility	Deadline	Penalty for failure to file
Confirmation Statement	Directors and Company Secretary (if applicable)	Annually (either 12 months after incorporation, or 12 months after the previous submission)	An offence by every director, secretary or officer of the company who may be liable for a fine up to £500 and for continued contravention a daily default fine. .
Annual Accounts	Directors and Company Secretary (if applicable)	Annually (for private companies this is 9 months and for public limited companies is 6 months after the end of the relevant accounting period)	<p>An offence committed by every director who may be liable for a fine up to £5000 and for continued contravention a daily default fine.</p> <p>The company will receive an automatic late filing fee of up to £1500 (private company) or up to £7,500 (public company) dependant on the length of the delay. These fees are doubled if late filing occurs for two successive years. The registrar also has the option to strike off the company for continued failure to file accounts.</p> <p>In addition, if a company fails to keep accounting records, every officer who is in default is liable to imprisonment for a term not exceeding two years or a fine</p>
Register of Persons with Significant Control	Directors and Company Secretary (if applicable)	On incorporation and thereafter kept up to date within 14 days of any changes or any particulars of a new individual are confirmed	An offence committed by the company and every officer in default. A person guilty of the offence may be liable to a fine up to £1000 and for continued contravention a daily default fine

Company Filing Requirements

Adding or removing a Director	Directors and Company Secretary (if applicable)	Within 14 days of when a new Director is appointed/removed.	An offence by the company and every officer in default may be liable for a fine not exceeding £5,000 and, for continued contravention a daily default fine
Adding or removing a Secretary (only applicable to Public Companies – private companies do not require a secretary to be appointed)	Directors and Company Secretary	If no secretary is appointed the Secretary of State may issue a notice requiring the appointment within a specified period between 1-3 months	An offence by the company and every officer in default may be liable for a fine not exceeding £5,000 and, for continued contravention a daily default fine
Change of Director/Secretary Details e.g. address	Directors and Company Secretary (if applicable)	Within 14 days of change	An offence by the company and every officer in default may be liable for a fine not exceeding £5,000 and, for continued contravention, a daily default fine.
Memorandum and Articles of Association	Directors and Company Secretary (if applicable)	On incorporation or within 15 days after the decision was passed or made for amendments.	An offence by the company and every officer in default may be liable for a fine not exceeding £1,000 and, for continued contravention, a daily default fine not exceeding £100.
Changing the Company's Name	Directors and Company Secretary(if applicable)	Within 15 days after the special resolution was made (the name won't officially change until registered at Companies House)	A fine not exceeding £1,000 and, for continued contravention, a daily default fine not exceeding £100.
Changing Company's Registered Address	Directors and Company Secretary(if applicable)	Within 14 days after the decision was passed or made (the address won't officially change until registered at Companies House).	A fine not exceeding £1,000 and, for continued contravention, a daily default fine not exceeding £100.
Allotting Shares	Directors (if authorised, or the shareholder)	Within one month if issuing more shares or 21 days for other changes in share structure.	A fine not exceeding £1,000 and, for continued contravention, a daily default fine not exceeding £100.
Creating or amending a mortgage or charge	Directors and Company Secretary (if applicable)	Within 21 days after creation of the charge	The charge will be void

Company Filing Requirements

HMRC

Item	Responsibility	Deadline	Penalty for failure to file
Statutory Accounts	Directors and Secretary	Submit as part of the Company's Tax Return (as below) no later than 9 months and 1 day after the accounting period end.	1 day late - £100 3 months late – another £100 6 months late – HMRC will estimate your corporation tax bill and add a penalty of 10% of unpaid tax. 12 months late – another 10% of any unpaid tax will be added
Tax Return	Directors and Secretary	The tax return will include the Company Accounts (as above) and will be filed no later than 9 months and 1 day after the accounting period end.	1 day late - £100 3 months late – another £100 6 months late – HMRC will estimate your corporation tax bill and add a penalty of 10% of unpaid tax. 12 months late – another 10% of any unpaid tax will be added
VAT Return	Directors and Secretary	VAT returns are usually submitted every 3 months known as the accounting period These must be submitted even if there is no VAT to pay or reclaim. The deadline for submission and payments is 1 calendar month and 7 days after the end of the accounting period and time must be allowed for the payment to reach HMRC's Account.	HMRC record a default if they do not received the VAT return by the deadlines and/or full payment for the VAT due on the return has not reached their account by the deadline. The Company may enter a 12 month surcharge period. If the Company defaults again during this time the surcharge is extended for a further 12 months and an extra amount may have to be paid on top of the VAT owed. The surcharge is a percentage of the VAT outstanding on the due date for the accounting period that is in default and increases every time there is another default in a surcharge period. See Appendix 2 for details of surcharges and penalties

Company Filing Requirements

PAYE Registration	Directors and Secretary	<p>A company registers with HMRC when starting to employ staff or using sub-contractors for construction work</p> <p>Register with HMRC as an employer no later than 5 days before the first payday and no sooner than 2 months prior to this. The company must register even if there is only one employee.</p>	<p>Payment is due by 22nd of the next tax month or 19th if paying by post. Interest is charged at the daily standard rate on late payments and continues to build up on all unpaid amounts from the due and payable date to the date of payment. Penalties are applied on the amount that is late as follows-</p> <p>1-3 defaults 1% 4-6 defaults 2% 7-9 defaults 3% 10 or more defaults 4%</p>
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