

## Declaring dividends: the paperwork - dividend counterfoils and company board minutes

Many contractors, when [deciding on a payment structure](#), decide to opt for the [limited company](#) option for the tax advantages available by [paying a low salary](#) and [dividends](#). When dividends are declared there is some paperwork that needs to be completed.

### Dividend Paperwork in Two Steps

When you wish to pay a dividend to the shareholders in your limited company, you have only two things to do.

1. Declare your dividends in the Minutes for the Board Meeting
2. Write out a record of the dividend and send it to the shareholder

Barry Roback, chief executive of the Watford-based chartered accounting firm [JSA](#) which specialises in contractor affairs, explains: "First, you tell all the shareholders how much you intend to give them out of your profits at the shareholders meeting. You can hold as many or as few such meetings as you like, although you are required to hold at least one every year."

### Minutes of the Board Meeting

Dividends, which are portions of company profit after tax and expenses, can be paid at any time you feel you have enough in profit to distribute them, Roback explains. Once your board agrees to distribute dividends, you must indicate the fact in the Minutes of the Board Meeting which becomes part of your company records.

“ Dividends can be paid at any time throughout the fiscal year ”

Barry Roback - JSA

Your accountant will take care of incorporating the dividend payments into your corporate accounts. The accountant will also probably prepare the so-called "dividend counterfoil."

### The Record of the Dividend

This "dividend counterfoil" is simply a written record stating who got the dividend, and how much it was, and what shares the dividend receiver owns. "This is not some special form; it's a just a paper like a receipt," Roback explains.

Your accountant may do this for you, or you can do it yourself. It requires no special calculations or signatures.

The sole purpose of the dividend counterfoil is to provide a record for the dividend receiver. The shareholder simply has to include it with the personal tax Self-Assessment Return. Just to show that it was dividend income the shareholder received.

### Dividend Paperwork - Examples and Templates

#### Board Minute Example

|  |
|--|
| <b>Bloggs Limited</b><br><b>14 The Road</b><br><b>London</b><br><b>IR3 5NL</b>   |
| <b>TAX VOUCHER</b>   |
| <b>MINUTES OF A MEETING</b>  |
| HELD AT: Head Office   |
| ON: 01/01/2007   |
| <hr/>  |
| PRESENT: JOE BLOGGS (Director)<br>SARAH BLOGGS (Company Secretary)   |
| <hr/>  |
| (Director) JOE BLOGGS took the Chair.  |
| It was resolved that a dividend of £10,000 per Ordinary Share in respect of the year ended 31/03/2007 be paid forthwith to those shareholders registered at the close of business on 02/01/2007. |
| The Company Secretary was instructed to prepare the necessary Minutes and distribute tax vouchers to all the shareholders.   |
| There, being no further business, the meeting was closed.  |

(name): JOE BLOGGS  
Director

(Name): SARAH BLOGGS  
Company Secretary

Date: 01/01/2007

### Dividend Voucher Example

**Bloggs Limited**  
14 The Road  
London  
IR3 5NL

**TAX VOUCHER**

Dividend for the year ended 31/03/2007 payable to holders registered on 01/01/2007. Date of payment 02/02/2007.

Holding: 1 Ordinary Shares

Dividend Rate: £10,000 per share

Dividend Payable: £10,000

Tax Credit: £1111.11

This voucher should be kept. It will be accepted by HM Revenue & Customs as evidence of a tax credit.

.....  
Company Secretary

Joe Bloggs  
14 The Road  
London  
IR3 5NL



Dividend  
Paperwork.doc



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- Limited Company or Umbrella – Deciding on a Payment Structure
- Splitting Dividends to Maximise Net Income
- Transferring Company Shares

#### Related Calculators:

- Limited Company Calculator
- Dividend Tax Calculator
- Contractor Calculator

#### Related Internet Links:

- JSA



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