

Size limit	Relevance of the limit	What to look out for and further details
Corporation tax - large		
Taxable profits of £1.5 million	If the limit is exceeded then the company will pay corporation tax at the main rate, which is currently 24%.	The £1.5 million limit is divided by the number of associated companies that the company had at any point during the period.
		The limit is also proportionately reduced for short accounting periods.
	The company will also be required to pay corporation tax by quarterly advance instalments.	As above, the limit is reduced by taking associated companies and the length of accounting period into account.
		If a company has a tax liability of less than £10,000 it is not required to pay by instalments.
		Companies are not required to pay by instalments for the first period they become large, unless the company's taxable profits exceed £10 million (divided by one plus the number of associated companies at the end of the previous accounting period).
		Any tax due on outstanding loans to participators will also be liable to be paid by instalments.
		Companies which are liable to pay corporation tax by instalments and are members of a group may find it beneficial to set up a group payment arrangement. Interest is payable on late, or underpaid, instalment payments.

Companies Act size limits		
In order to qualify as a small company, or group, it must satisfy two or more of the following requirements, in both the current and preceding financial year:	Financial reporting and auditing requirements	A small company can choose to disclose less information in its financial statements than medium sized or large companies.
<ul style="list-style-type: none"> - Number of employees - not more than 50 - Turnover - not more than £6.5 million net (or £7.8 million gross) - Balance sheet total - not more than £3.26 million net (or £3.9 million gross) 		A small company will not normally require an audit, as long as none of these limits are exceeded.
		A medium sized company can choose to disclose less information in its financial statements than large companies.
If a company, or group, is not small it may still qualify as medium sized if two or more of the following requirements are satisfied, in both the current and preceding financial year:	Enquiry window time limits	If a company is a standalone company, or part of a small group the time limit for HM Revenue & Customs (HMRC) to enquire into a tax return is 12 months from the date the return is submitted. Otherwise the time limit is 12 months from the normal due date (assuming the return is not submitted late).
<ul style="list-style-type: none"> - Number of employees - Turnover - not more than £25.9 million net (or £31.1 million gross) - Balance sheet total - not more than £12.9 million net (or £15.5 million gross) 		
		A company that is part of a group that is not small is required to inform HMRC by checking the relevant box on the front page of its corporation tax return.

Tax-advantaged schemes - qualifying company limits

- Gross assets - not more than £200,000 - Number of employees - fewer than 25	Seed Enterprise Investment Scheme limit	To be eligible for the scheme the company must also have begun its qualifying trade no more than two years before the shares are issued.
		There are also further conditions that must be met by the company, the investor and the form of the investment.
- Gross assets - not more than £15 million - Number of employees - fewer than 250	Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) scheme.	There are also further conditions that must be met by the company to be a qualifying company for either EIS or VCT.
		The gross asset test applies to the aggregate gross assets of the group.
		The gross assets must also not exceed £16 million after the EIS or VCT investment.
		There is an annual investment limit of £5 million for both EIS and VCT.
		These limits were increased in the Finance Act 2012 (which is still subject to Royal Assent), prior to this smaller limits existed.
- Gross assets - not more than £30 million - Number of employees - fewer than 250	Enterprise Management Incentives scheme	Further conditions must be met for a company to qualify, and if the company is the parent of a group then it is the groups assets which must not exceed £30 million.
		Only eligible employees can participate in the scheme.

European size limits

An enterprise is small if it has fewer than 50 employees and either: - Turnover - not more than €10 million - Balance sheet total - not more than €10 million	Transfer pricing	For transfer pricing purposes these limits are applied to the employee numbers and financial data for the current period only, and so the transfer pricing rules apply from the first period a company becomes large.
	Large companies are required to account for transactions with certain connected enterprises on an arms length basis, or make adjustments in their corporation tax returns	
An enterprise is medium sized if it has fewer than 250 employees and either: - Turnover - not more than €50 million - Balance sheet total - not more than €43 million	A company that is small or medium sized will normally be exempt from the transfer pricing legislation.	This exemption only applies if the connected business is in a territory with which the UK has a double tax treaty containing a non-discrimination provision.
		An irrevocable election can be made for the transfer pricing exemption not to apply.
The company's size only changes in the second successive period in which it breaches the limits.		HMRC can direct medium sized enterprises to apply the transfer pricing rules.
These limits are on a group basis, and related enterprises must be taken into account.	Dividend exemption Dividends received by small companies are exempt from the charge to corporation tax, provided a few further conditions are met	Dividends received by companies which are not small may also be exempt if they fall into any of the specific exemptions available.
	Worldwide debt cap The worldwide debt cap rules apply to large groups	For worldwide debt cap purposes these limits are applied to the employee numbers and financial data for the current period only, and so the rules apply from the first period a company becomes large.
	The worldwide debt cap rules apply to large groups	

Senior accounting officer limit

<p>A company is within the rules if in the previous financial year it had</p> <ul style="list-style-type: none"> - Turnover exceeding £200 million OR - Balance sheet total of more than £2 billion. 	<p>Companies which exceed the limit are required to identify a senior accounting officer to take responsibility for the adequacy of their accounting systems.</p>	<p>When the company is the member of a group the turnover and balance sheet totals must include the figures for all UK companies which were members of the same group at the end of the company's previous financial year.</p>
		<p>The company is required to notify HMRC of the identity of its senior accounting officer.</p>

Research and development (R&D) tax relief

<p>A company is a small or medium sized enterprise (SME) for R&D purposes if it has fewer than 500 employees and either:</p>	<p>There are two separate R&D tax relief schemes, one for large companies and a more generous one for SMEs.</p>	<p>There is an upper limit of €7.5 million on the total amount of aid that can be received on an R&D project.</p>
<ul style="list-style-type: none"> - Turnover - not more than €100 million - Balance sheet total - not more than €86 million 		<p>The limits are on a group basis, and related enterprises must be taken into account.</p>
		<p>For R&D tax relief purposes a company does not move size bands until the second consecutive year in which the limits are breached, unless an SME loses its status due to the company being acquired.</p>

VAT limits

<p>VAT liability exceeding £2.3 million in a period of 12 months or less</p>	<p>VAT - payment on account limit</p>	<p>The company will be required to make payments on account for VAT.</p>
<p>Turnover exceeds £1.35 million</p>	<p>VAT cash and annual accounting schemes turnover limit</p>	<p>The cash and annual accounting schemes are not available if the companies turnover exceeds this limit.</p>