

# Reporting company payments to participators — modernising the reporting framework.

A [public consultation](#) issued by HM Revenue & Customs

Comments from ACCA to HMRC

10 June 2026

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## About ACCA:

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we have long championed inclusion and today proudly support a diverse community of over 257,900 members and 530,100 future members in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators, and other accountancy bodies, we are strengthening and building a profession that drives a sustainable future for all. Find out more at: [www.accaglobal.com](http://www.accaglobal.com).

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## General Comments

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ACCA welcomes the opportunity to comment on the joint HMRC/HMT consultation “Reporting company payments to participators - modernising the reporting framework”.

We appreciate the consulting parties’ acknowledgment that most small businesses seek to operate responsibly and comply with their tax obligations in what is known to be a complex area of interaction between company law and tax law and administrative practice. While we support efforts to address the small company tax gap, we ask that HMRC consider that before the issuing further consultation. Carrying out a more thorough evaluation of the current and future reporting obligations that small and some medium sized entities face and will face would have helped HMRC and HMT to develop more proportionate and targeted proposals.

The aim of the measures is to identify non-compliant taxpayers to reduce the tax gap. However, any additional reporting requirements would also impose obligations on compliant taxpayers. The current proposals would capture a vast range of transactions, a significant proportion of which are exempted from the change based on their type or value and in respect of which no tax liability could ever arise. We believe that HMRC should present clear and costed evidence that the new proposals, which might help them understand the flows of value between close companies and their participators. This would demonstrate that the value to the Exchequer and society clearly outweighs the additional burden imposed upon compliant taxpayers of reporting transactions which Parliament had expressly removed from the reporting requirement. HMRC should recognise that taxpayers who are deliberately misreporting under the current regime could reasonably be expected to continue to misreport under any new regime, reducing any positive value it might have for HMRC.

ACCA would urge HMRC to fully explore the use of the iXBRL accounts, which every close company must file in conjunction with existing CTSA, ITSA and RTI returns. A simpler requirement for close companies to provide the NINOs of participators so that HMRC can use the information it already has to identify potentially anomalous situations might deliver equivalent benefit without creating an additional administrative burden for both HMRC and taxpayers. We are concerned that the challenges of dealing with taxpayers, who have no chargeable transactions but struggle with the additional reporting requirements, has the scope to further damage the tax morale of small business owners.

We are disappointed that the proposals do not consider the information that HMRC and other departments already hold. There is limited detail addressing the proposals’ impact on the wider reporting landscape, alignment with HMRC Charter principles, the duplication interaction with

reporting obligations, and cost impacts on smaller businesses. This is below the standard that we would expect from HMRC.

In a fast-changing world, SMEs want a clear tax and spending framework that enables them to plan effectively. As ACCA has previously highlighted, we believe the biggest barrier to this is the cumulative burden of regulation.<sup>1</sup> This is reflected in the Q1 2026 results of the Global Economic Conditions Survey (GECs) that ACCA runs in partnership with the Institute of Management Accountants.<sup>2</sup> The findings point to a weak economic outlook for UK SMEs, with confidence levels remaining close to its record low set in Q4 2024 in the aftermath of the Autumn Budget. The byproduct is making it that much harder for businesses to plan and forecast with certainty. Such sentiment is reflected in ACCA member feedback following the 2025 Budget, where 80% viewed the announced measures negatively.<sup>3</sup>

Alongside responding to consultation questions, ACCA makes the following recommendations:

- **Simplicity, certainty and stability:** ACCA continues to advocate for these three principles as the cornerstones of an effective tax system.<sup>4</sup> HMRC must explain how key proposals interact with overlapping legislation, including relevant sections and definitions under the Companies Act 2006.
- **Clarity on reportable payment triggers:** ACCA questions the efficacy of mandatory reporting of all transactions with participators. As well as the proportionately aspect, we have identified uncertainties surrounding treatment of directors' loan accounts (DLA) and dividends.
- **Extend reporting where close companies release or write off loans:** ACCA sees merit in the proposal and believe it can help reduce illegal tax avoidance. We would like to see HMRC examine its existing powers and whether they could be better utilised.
- **Alignment with reporting timelines:** ACCA views proposals to introduce monthly or quarterly reporting as a challenge for SMEs. We caution against introducing unnecessary reporting requirements that conflict with year-end accounting periods.

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<sup>1</sup> ACCA [comments](#) to House of Lords Industry and Regulators Committee (2026), *Inquiry into the relationship between regulators and economic growth*, available [here](#).

<sup>2</sup> ACCA policy and insights report (2026), *GECS Survey: Q1 2026*, available [here](#).

<sup>3</sup> ACCA [comments](#) to House of Lords Industry and Regulators Committee (2026).

<sup>4</sup> ACCA policy and insights report (2023), *Twelve tenets of tax*, available [here](#).

## Consultation Questions

### **1. Are the loans to participators rules well-understood in the small company population?**

Straight forward loans are generally understood, but where the circumstances become more complex, the rules surrounding loans to participators can become increasingly challenging for directors to navigate. As it stands, practitioners must become accustomed with provisions within the Companies Act 2006, FRS 102, the Corporation Tax Act 2009, and HMRC's own manuals and interpretations. Given the various treatments that exist within each, directors' loan account (DLA) adjustments are a constant theme in the accounts of SMEs.<sup>5</sup> In our experience, due to focusing to the day-to-day running of their business, directors often adopt an informal approach and process entries which without fully understanding benefit the implications.

Practitioners are often faced with the task of analysing SME transactions and explaining which credits should or should not go to the DLA. As ACCA has highlighted in recent years, the outcome often sees HMRC and the client holding conflicting views. A 2018 first tier tribunal victory for HMRC, where an appeal against PAYE/NIC was dismissed, is one such example.<sup>6</sup> The case demonstrates quite clearly that HMRC will review actively considers entries in DLAs where it has reason to.

Regarding the close company definition, the new reporting regime would apply to a host of new areas. This includes transactions where the company is the borrower, the beneficiary, and various company funding arrangements and group reorganisations. For example, this would require a close company to report how it receives financing from its shareholders. In turn, ACCA reiterates the importance of adequate lead in time and practical guidance that businesses can utilise.

### **2. Do small companies typically receive support from tax advisers or accountants with understanding their tax obligations and completing their tax return? If so, at what stage would the adviser be engaged, and what level of support is offered?**

With respect to understanding of corporate tax, most small companies engage a professional agent to deal with their tax obligations. This is owing to complexities navigating different tax regimes. The byproduct is that accountants are increasingly looked to for guidance beyond day-to-day financial management. This is reflected in 2024 research from Intuit QuickBooks, with

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<sup>5</sup> ACCA Technical Resources (2018), *Directors' loan account – valid entries are vital*, available [here](#).

<sup>6</sup> *Ibid*.

survey insights highlighting how (compared to small firms that worked alone) an accountant could unlock 11.5% more in revenue.<sup>7</sup>

**3. What challenges do tax advisers currently encounter in this space when handling company records and preparing returns? Are there examples available of ‘good’ or ‘bad’ client workflows?**

A common refrain of ACCA is streamlining HMRC’s digital processes. Yet despite recent improvements, a lot of the process still relies on spreadsheets and separate uploads. HMRC should provide a joined-up portal experience for agents to eliminate the need for separate reporting. This would allow for the re-use of data, clear tracking, straightforward amendments, and status visibility.

Record keeping practices

**4. How often do companies collect or collate this data? For example: daily, weekly, monthly or on an as-and-when basis. If infrequently, what safeguards are in place to ensure that all transactions are captured in the records?**

Depending on the company and its operations, data collection often varies. Based on insights from across our network, ACCA recommends a simple opening, movement, and closing option. This represents a more practicable option and would sit parallel to any overdrawn DLAs at the year-end.

At each stage of the design process, HMRC should be asking the same question: Does the framework reflect and uphold the HMRC Charter’s core principles and standards?<sup>8</sup> Further, ACCA believes it would be helpful if additional information was provided on how requirements fit with HMRC’s commitment to drive forward change to “improve value for money, collect revenue more efficiently, and support economic growth.”<sup>9</sup>

**5. Are there any categories or types of participators, or types of transactions themselves, where it may not be practical or beneficial to provide details to HMRC?**

From Companies House compliance to Corporation Tax returns and VAT and PAYE requirements, small companies navigate a dense reporting landscape. Existing reporting obligations under CT600A are oriented towards loans made to individual shareholders and directors.<sup>10</sup> However, in their current form, the proposals would extend mandatory reporting to all transactions with all

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<sup>7</sup> Intuit QuickBooks (2024). *Accounting for the SMB Economy*, available [here](#).

<sup>8</sup> HMRC, *The HMRC Charter*, available [here](#) (accessed 28 May 2026).

<sup>9</sup> HMRC (July 2025), *HMRC’s annual report and accounts 2024 to 2025: Executive summary*, available [here](#).

<sup>10</sup> ACCA Technical factsheet (2021), *Related party disclosures.*, p.8.

participators, whether related to transactions in respect of which a charge might arise, and regardless of whether they have already been reported elsewhere.

ACCA favours direct, targeted actions against the criminal abusers of our tax system.<sup>11</sup> However, we view key design components of these proposals as overly shaped by the actions of the worst players. HMRC will need to analyse all the information they receive (or else there is no point in putting taxpayers to the trouble of submitting it). This includes cross-checking which of the transactions have already been declared through personal tax returns or, in the case of participators who have trading balances with the company whether the transactions fall under this exemption or not. Having checked the data, ACCA would expect HMRC to query any transactions which might have given rise to a charge (which would in turn have implications for the usefulness of “real time reporting” given that the legislative framework operates by reference to the company’s periods of account).

#### **6. How, and to what extent, are company and personal records currently aligned?**

Company and personal records are distinct. Given the current reporting for directors’ tax returns, Corporation Tax returns, Company reporting, PAYE reporting to HMRC and the Companies Act record requirements, we would consider that a new reporting requirement would add a significant cost to compliant taxpaying businesses with no benefit to them and a minimal benefit to government.

#### **7. Do software products currently used by companies to prepare their accounts or tax return contain any functionality to help keep track of transactions such as shareholder loans, or possible charges under the loans to participators regime?**

Most software products, such as those by Sage, Xero and QuickBooks, have the facility to track bookkeeping movements in DLA through direct input or document capture. As alluded to in our response to Question 1 and Question 2, continual movements in the DLA mean that many small companies adopt an informal approach. The byproduct is that most practitioners will spend time at year end ensuring they are correctly recorded.<sup>12</sup> New obligations must fit with current reporting deadlines and account for the impact on smaller companies – especially those in seasonal industries.

#### **8. What would be the preferred way to transfer the required information to HMRC?**

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<sup>11</sup> ACCA response to HRMC (2025), *Reform of behavioural penalties*, available [here](#).

<sup>12</sup> ACCA In Practice (2021), *Ten things you should know about the directors’ loan account*, available [here](#).

As highlighted in the suite of responses ACCA has submitted towards HMRC's Tax Administration Framework Review initiative, our consistent message is that HMRC continue work to streamline disparate processes and reduce the prevalence of businesses supplying the same information twice.<sup>13</sup> Focus areas include better use of data that HMRC already collects, improved visibility across different taxes and deadlines, and agent authorisation, which can to facilitate straightforward amendments and status visibility.<sup>14</sup> Work such as the 2018 IFS report "How do small business owners respond to the tax system?" has demonstrated the feasibility of linking corporate tax records to income tax and other records.<sup>15</sup>

**9. In what circumstances might it be difficult for companies to provide identifying details of participators?**

Given the range of individuals and entities who might be participators but in respect of whom no charge would ever arise, identifying details should be restricted to those taxpayers whose transactions with the company might give rise to a charge. A National Insurance Number or Companies House number will cover most qualifying participators in most small businesses, and reduce the administrative burden imposed upon compliant taxpayers.

Where companies might be unable to provide identifying details as set out above (for example in the case of partnerships or overseas participators), a name and registered office/address should enable HMRC to start enquiries where there are any concerns about the company's position. Clarity of purpose is needed. For example, ACCA question what is to gain in supplying details on credit to loans accounts, especially when cash availability has not changed. Dividend declarations are another area, which is complicated by the absence of any requirement to record declarations and vouchers. At the next stage of the consultation process, HMRC should map out the different information categories and how those chosen support compliance.

Repayments, releases and write offs/ penalties

**10. Providing the date and amounts of any releases or write offs will enable HMRC to be aware of any relief due to the company or any Income Tax charges due on the participator. Do you have a view on the relative administrative impact of this suggestion?**

ACCA supports the proposal and views it as a practical measure to address illegal tax avoidance. This includes instances where directors illegitimately siphon company funds and leave unpaid

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<sup>13</sup> ACCA response to HMRC (2024), *Tax Administration Framework Review*, available [here](#).

<sup>14</sup> ACCA response to HM Treasury (2026), *Tax Support for Entrepreneurs*, available [here](#).

<sup>15</sup> Institute for Fiscal Studies (2018), *How do small business owners respond to the tax system?*

creditors. It will also be of practical use for small companies who do not keep adequate records and track owed to or from a director or shareholder.

**11. Do you anticipate any issues with the application of the normal CT penalty regime to this requirement? Can you see any scenarios where a more bespoke penalty regime might be more appropriate?**

Given our concerns that the current proposals would be unwieldy and generate a significant number of 'false positives', we believe it is too early to consider detailed design of penalties until the proposals have been refined. In any event, against the backdrop of HMRC's wider tax simplification programme, ACCA cautions against introducing a bespoke penalty regime.<sup>16</sup> We would instead encourage HMRC to review the differentiation of penalties and whether they remain suitable and capable of distinguishing between deliberate defaulters and those who might innocently submit inconsistent versions of the duplicated information which the current proposals would require. We recommend commissioning independent research to provide an objective starting point.

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<sup>16</sup> ACCA response to HMRC (2025), *Reform of behavioural penalties*, pp.2-3.