01 / WHICH WAY DID THE MONEY MOVE?

Paid personally? Used the wrong card?

Tell us what the payment really was. The bank account used does not decide the tax treatment.

Your company is separate from you

A **director's loan account (DLA)** is a running record of money owed between you and your company. It is an entry in the books, not usually a separate bank account.

TWO POSSIBLE BALANCES

Company owes you: you have funded the company or paid approved company costs.

You owe the company: you have taken more than it owes you, without a valid salary, dividend or other entitlement.

An accidental personal purchase

Keep the transaction visible, mark it **personal**, tell SBX and pay the amount back promptly from your own account. Use a reference linking the repayment to the original purchase.

Do not delete it, claim its VAT or invent a business explanation. If it is an intended employee perk rather than a repayable mistake, tell us: payroll or benefit rules may apply.

What to send and how it is recorded

What happened	Usual treatment
You lend the company £2,000.	Company owes you £2,000. Not sales income.
You pay a £240 company bill personally.	Send the invoice and proof you paid. A valid company cost can create £240 owed to you.
Company repays that £240.	Clears the amount owed. Do not claim a second expense.
Company pays your £80 grocery bill by mistake.	Personal amount to repay, or offset against money the company already owes you. No business expense or VAT claim.
Company pays you a salary or dividend.	Use payroll or valid dividend records. It is not just a label for any withdrawal.

Before reimbursement: confirm that the expense belongs to the company, meets the relevant business/employee rules and has not been claimed already. Give us the invoice, purpose, actual payer and repayment details. VAT recovery is a separate check.

CHECK THE RULES Director loan accounts · Money you lend the company · Reimbursed employment expenses · Recording personal withdrawals · VAT evidence and business use

02 / A RUNNING BALANCE

Follow the balance, not just the transfers.

This example starts with nothing owed either way and assumes each item has been checked.

Date	Transaction	Adds to amount owed to you	Reduces amount owed to you	Company still owes you
1 Oct	You lend the company money	£2,000	£0	£2,000
3 Oct	You pay an approved company bill	£240	£0	£2,240
8 Oct	Company repays part of your balance	£0	£1,000	£1,240
10 Oct	Personal groceries on company card	£0	£80	£1,160
11 Oct	**You repay the grocery purchase**	**£80**	**£0**	**£1,240**

What the example means

The company still owes you **£1,240**. Repaying that genuine balance is normally not salary or a dividend. We have assumed no interest and no other transactions.

The £240 bill is recorded **once**. The £1,000 repayment is not another expense. Repaying the £80 personal purchase is not customer income.

Sole trader? The labels are different

You and the business are the same legal person. Personal money introduced is owner funding; private withdrawals are **drawings**. Your own drawings are not wages or a deductible cost.

Example: £30,000 taxable profit and £20,000 drawings still means £30,000 taxable profit. A genuine business bill paid personally can still be recorded, subject to the normal expense rules.

When you owe the company: ask early

DO NOT TREAT IT AS FREE MONEY

£10,000 is not a general borrowing allowance. A separate company tax charge can apply even to a smaller owner loan.

For relevant owner loans made from **6 April 2026**, Section 455 can charge the company **35.75%** where the loan remains unpaid nine months after its accounting period ends. The usual payment date is nine months and one day after that period.

Cheap or interest-free loans totalling **more than £10,000 at any point in the tax year** can also create a personal benefit charge and employer NI. Repaying and borrowing again can trigger special rules. Tell SBX before year end, not afterwards.

These are warning signs, not a complete loan-planning guide. Older loans can have a different Section 455 rate; repayment relief has conditions and timing rules. The examples concern an individual director and their UK private company.

CHECK THE RULES Director loan accounts · Money you lend the company · Current Section 455 rate · Company loan-tax deadline · Repayments and relief · The £10,000 loan exemption

03 / YOUR TWO WORKING RECORDS

A simple record saves repeated questions.

Copy the tables as needed. These are manual working sheets, not a replacement for the company's bookkeeping.

Company / business: [enter] **Person:** [enter] **Period:** [enter]

1. Business bills paid personally

Date / supplier	What was bought and why	Full bill	Company amount[1]	Invoice / paid by	Already repaid? Date / amount
3 Oct / software (demo)	Business software used by the company	£240	£240	R01 / Alex	Included in 8 Oct repayment

1. Enter only the amount claimed for the company, including VAT in the cash claim. SBX checks the VAT and any private element separately. Attach the full invoice and payment evidence; remove the demo row when using the sheet.

2. Money owed between you and the company

Date	Explanation / evidence	Increase[2]	Decrease[2]	Running balance[2]	Matched in books?
	Opening balance agreed with SBX			£[enter]	

2. Positive means the company owes you. New balance = old balance + increases − decreases. A negative result means you owe the company: flag it. Include personally paid bills once in this running record, not again as extra cash lent. Separate records are needed for each person and company.

Contact our office or your account manager. info@sbxaccountants.com | 020 7046 1730

CHECK THE RULES Reimbursed employment expenses · VAT evidence and business use · Director loan accounts · Sole-trader expense rules