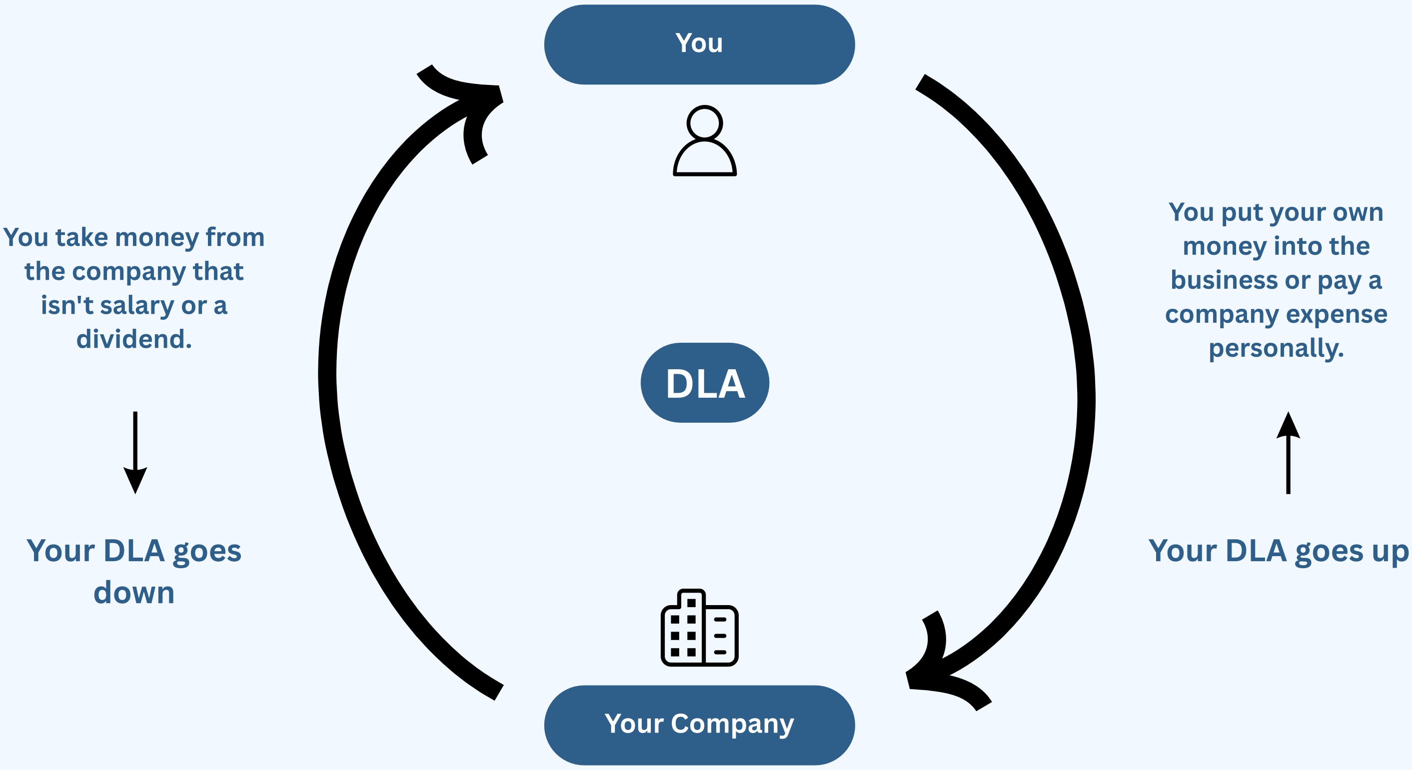
Director's Loan Account

Where does your money end and the company money begin?

One of the most important things to understand as a company director is that **your company is a separate legal entity from you.**

That means money moving between you & the company needs to be recorded using the **Director's Loan Account (DLA).**

Your Director's Loan Account keeps track of money moving between you and your company that isn't salary, dividends or a genuine business expense. It as a running tally of who owes who.



A simple example:

You transfer £5,000 **into the company** bank account to start your business or to help with cash flow

You can have that £5k **back at any time ‘tax free’** - just transfer it back.

Did you know We will keep a running total of your DLA - All you need to do is make the bank transfer between the company bank & yours

What if you owe the company money:

If you owe the company money, this is called an **overdrawn director’s loan account**.

Where possible, it’s best to avoid this. There can be significant tax implications for an overdrawn DLA. Let us know if you need help with this - we can discuss this with you at length.

The Golden Rule Keep your business transactions in your business bank, and your personal transactions in your personal bank