

# Expanding Your Business into the UK

"A comprehensive  
solution to your  
inward investment  
needs"

Maximise your **potential**

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# Why Expand Your Business into the UK?



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## Why the UK and where do you start?



The UK Government wants to encourage multinational companies to come to the UK. Tax legislation in the UK makes the UK a very attractive location for overseas investors.

Should you want to take advantage of these opportunities, we can help you through the expansion and cultural change process.

Our overseas clients have a wide variety of needs and our “in-house” team, together with our network of local contacts, can provide any help required.

Whatever your requirements you can be assured that client relationships are of the highest importance to us. Every client has a dedicated partner who will keep in touch on a regular basis and ensure that we deliver a positive and value for money service.

Whatever your stage of expansion into the UK, whether you are a new entrant or an established organisation, we would be happy to talk to you.





## Reasons to do business in the UK



### The UK is one of the easiest places to set up and run a business

The World Bank found that the time taken to set up a business in the UK was less than half the European average. It ranks the UK first in Europe and eighth in the world (190 countries) in which to operate a business.



### Technology & Innovation

The UK is one of the most productive places for technology and innovation in the world, and has become a net zero carbon economy. There is an extensive range of grants and tax incentives to part-fund research and development activities.



### Standard of living

UK residents enjoy a high standard of living, education and leisure, with a vast pool of skilled employees and some of the world's top universities. There is also a reasonable work life balance, which means that residents have time to enjoy the many leisure opportunities.



### Geographical location and transport links

The UK has excellent transport links with all major industrialised countries. It is also one of the world's largest and most important financial centers and capital markets.



### Opportunities for businesses

There are plenty of opportunities for businesses that want to take advantages of the benefit from the UK's new position as an independent nation. In particular it has a large and dynamic marketplace.



### An internationally competitive tax environment

The top rate of corporate tax in the UK is currently 25% with a number of tax breaks, such as accelerated reliefs for capital expenditure which can reduce the effective tax rate substantially.



### Communication

Because UK businesses operate in English they have a natural advantage when communicating globally.



### Freeports

New assigned special economic zones aimed with tax and custom incentives to create economic activity e.g., trade, investments, and jobs.

# Key Considerations for Expanding into the UK



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## Do you need a UK company?

Typically, companies operate in the UK either through

- a UK subsidiary company or
- a UK registered branch



There are a number of important tax, legal and regulatory differences between these options, the key ones being:

	Branch	Company
Separate legal entity	No	Yes
Able to conclude contracts in own name	No	Yes
Registration with UK Companies House required	Yes	No
Filing of annual accounts at Companies House	Overseas parent	UK company
Annual audit required	No	Yes, depending on size
Taxable in the UK	Yes, depending on types of activities	Yes, on world-wide income and gains
VAT registration	Possibly	Possibly

Reviewing these factors in isolation is not enough. Your commercial requirements are crucial. We work with our clients to understand their business needs and we can help you conclude which operating structure is best for you.

Once a choice has been made, we can arrange for the necessary paperwork to be completed as quickly as possible.



## How do you find the right property?

Depending upon your requirements you may wish to consider a serviced office. This provides maximum flexibility and usually includes secretarial support, boardroom hire and the use of office facilities.

We can put you in touch with people who can help.

Similarly we can recommend property agents who will help with your search for all types of property.



## What banking arrangements are appropriate and how should you fund the UK operations?



### Opening a bank account

Setting up a UK bank account is often a first priority. We have good contacts with all the national banks and can arrange introductions with local business bankers.

### Funding the operations

If the new operation seeks finance in the UK we can discuss with you the most appropriate lending source. Again, we have a network of contacts that you might find useful. We can help you prepare the necessary business plans and projections and attend meetings with possible lenders if required.

If group funds are to be used, we can advise on the associated tax issues and opportunities involved with borrowing from overseas.





## How can you find employees and how should you pay them?

The recruitment, retention and motivation of employees will be key to your business success. Employees hired in the UK will be subject to different cultural and regulatory practices from their home country.

However, you may also want to bring over key staff with the corporate head office culture, or specific knowledge of the business to the UK.



Using our own expertise and knowledge, together with our network of local contacts we can help you with a wide variety of people issues for both locals and expatriates including:



Advice on work permit requirements for people transferring to the UK



Advice on stock option plans



Advice on local property markets, schools etc for relocating employees



A cost-effective and efficient payroll service



Introductions to local recruitment consultants



Cross-border social security planning



Cost projections for expatriate assignments



Advice on payroll taxes including expatriate payroll



Advice on tax-efficient remuneration and benefit packages



Employment contracts



Personal tax advice for key employees



Advice on the UK tax implications for your inbound staff including short-term assignments and business visitors

# UK Tax Implications: What you need to know



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## What rates of tax will you pay?

The UK Government wants to encourage multinational companies to the UK. As a result, new tax legislation has been introduced which now makes the UK a very attractive location for overseas investors. The UK has one of the lowest rates of company tax ("corporation tax") in the G7 and within Europe.

### Corporation Tax

In the UK both branches and companies pay corporation tax. The top rate of corporate tax in the UK is currently 25%, one of the lowest tax rates in the G7 and amongst the UK's core competitors. Moreover, there are a range of tax reliefs that can deliver flexibility for both UK and international companies and help reduce the amount of tax paid.



Both initially, and as your organisation grows, your global tax bill can be affected substantially by the way your UK operations are structured. Our inbound team includes tax specialists who can advise you on a wide range of tax issues including:



How should the UK operation be structured?



How should inter-company transfer prices be determined?



What functions should the UK operation carry out?



How can maximum advantage be gained from UK tax reliefs and incentives?



How much income should be recognised in the UK?



## R&D Tax Incentives

The UK has an extensive range of grants and tax incentives to part-fund research and development undertaken in the UK. We have an exceptional track record in helping companies reduce their tax bill through R&D tax relief or, if they are not currently taxpayers, getting substantial cash pay-outs to fund their qualifying research and development activities.



## Value Added Tax (VAT)

VAT is the European sales tax.

A UK VAT registered business must charge and account for VAT, currently at the rate of 20%, on its taxable supplies (sales). It is usually possible, however, to offset any VAT incurred on expenses that relate to business purchases.

We can help you determine whether a VAT registration is necessary or desirable and help with the periodic returns. We would review any planning opportunities to minimise your VAT cost.



## Customs Duties

If your products are liable to import duties, or if you export from your UK base, then we can work with you to ensure all customs duty planning opportunities are maximised.

## Indirect Tax

We have a dedicated Indirect Tax Services team which is well regarded by the tax authorities and within the Southern Region business community.

They have specific expertise in helping inward investors maximise their tax opportunities and are active in our international network, Kreston Global.



## Employee Taxes

Individual tax rates are also one of the lowest compared to the EU. In addition, UK social taxes are lower than many of its European neighbours.

In the UK the social tax is known as national insurance (“NI”). NI contributions have to be paid by the workforce as a deduction from their gross salary (“employees NI”), and by employers (“employers NI”). The rate of employers NI is currently 13.8%.

Employers have an obligation to collect NI, together with UK income tax, and pay the amounts over to the tax authorities.

Where you are bringing staff over to the UK, we can advise on their social security position which may mean they stay in their home country system.



# How we can help Maximise Your Potential



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## Inward Investment to the UK

Exploring a new business territory can be challenging; full of opportunity but also risk. Our specialist International services team have extensive experience in helping businesses maximise their potential across the globe. We are a credible alternative to the larger accounting firms, providing premium international accounting and advisory services without the associated premium level of cost.



We are accredited/vetted by The UK Government - Department for Business & Trade, and are listed specialists within the [UK Investment Support Directory](#), to help businesses set up or expand in the UK. Additionally, we are associated with the Thames Valley Chamber of Commerce, as a sponsor for their [Thames Valley Inward Investment Portal](#). The portal offers a wide range of sector and market focused information and outlines why the region is such an attractive investment location for businesses.

## Scope of our International Services



We can offer informed advice to businesses expanding into the UK, Europe or beyond, whether exploring overseas markets or setting up a factory, office or company. We can also give invaluable support to investors and businesses wishing to move into the UK marketplace from abroad. Our expertise in international taxation and business strategy continues to open up a wealth of new possibilities for a diverse range of clients. We can act as a “one stop shop” for all your requirements or merely provide a single service.

## Our international connections

We have strong connections in North America, Europe and the rest of the world through our membership of Kreston Global, which is ranked one of the largest accounting and business advisory networks in the world. [Kreston Global](#) covers 115 countries, providing a resource of over 25,000 professional and support staff. We can help you tap into this worldwide expertise.



## Our experience and approach

The majority of our International Services Team have previous experience working with the Big 4 and other top tier firms and in commerce with international groups. Many have completed secondments outside the UK.

Our approach is to provide a highly professional, personal and value for money service. We develop a close working relationship with our clients to help them maximise their potential. Our clients are important to us.

Whatever your requirement, we have the expertise to meet your needs.



## Some of the key of International Services we offer

### Employer Assistance & Expatriate Advice

If you are hiring employees in a new territory or transferring existing employees abroad then let us assist you to implement tax efficient remuneration and incentive packages for your staff. We offer a full payroll service for UK employees, including numerous expatriates, and can introduce you to payroll providers overseas. We can manage your inbound and outbound expatriates by briefing them on their tax and social security position and handling their tax registration and filing of tax returns, to ensure full compliance with all of the relevant tax authorities.

### International Audit & Assurance

Under current legislation a UK subsidiary of a foreign parent invariably needs an audit, unless the group as a whole qualifies for exemption on the grounds of size. We are experienced in conducting audits of subsidiaries in the UK and international audits requiring travel overseas to clients in the US, Asia Pacific and Europe, giving us international capability in cross border businesses. We have expertise in IFRS and reporting under US GAAP.



### Global Strategy & Structuring

Exploring a new market for the first time? We can help you get the initial planning right to minimise the pitfalls and maximise opportunities. Frequently asked questions include “Should I form a company? Is there a need to hire overseas employees? What about supply chain management? Do I need to open a bank account?”. Our experience can help you find the answers that are right for your business.

### International Tax

As your business grows, your global tax bill can be affected substantially by how your operations are structured. Our tax team not only has an in depth understanding of the UK tax rules but understand how these rules interact with overseas legislation to minimise tax payments and avoid double taxation. We have carried out transfer pricing studies for many of our clients.

## Should you outsource the UK accounting function?

Many of our clients do not initially employ a UK accountant in-house and therefore look to outsource some or all of their financial and regulatory functions.

Whilst some of the basic processing can be done overseas there is usually a need to do some bookkeeping in the UK. Cloud Accounting makes this easier than ever - Up to date data, accessible anywhere and securely encrypted. Cloud accounting provides you with immediate access to real-time information from any location with an internet connection, allowing you to make the decisions needed to grow and develop your business.

In addition there are a large number of ongoing regulatory, legal and tax filings that are specific to the UK. Whilst non-financial staff can deal with some of these, this can distract from the key task of growing the business.

We also offer a fully outsourced Virtual Finance Office – an outsourced accountancy solution providing you with all the services you would expect from an in-house accounts team, without the overheads or administrative burden of direct employment.

## Our outsourcing services include:



Arranging initial tax registrations



Producing accounting records



Financial planning and analysis



Preparing management accounts and reports in a format and to timescales acceptable to the overseas financial reporting system



Preparing annual statutory accounts for Companies House



VAT returns



Payroll administration, including specialised expatriate payrolls



Corporate tax returns and associated tax planning



Being the Registered Office and preparing associated statutory filings



Expatriate services aimed at your assignees



## How can you locate reliable UK business suppliers?

We have a network of local lawyers and bankers who we can introduce you to. We are used to working closely with our clients' lawyers and bankers to ensure consistency of service and advice.

We also have a network of local business suppliers who we can recommend. Examples include:



Lawyers



Property agents



Bankers



Recruitment agencies



Availability of grants



Translators



Advice on local schools



IT suppliers

## How much will it cost?

Our approach is to provide a highly professional, personal and value for money service.

We would be pleased to talk with you to discuss your business plans and offer a free initial consultation.

Our fees are competitive and transparent. Should you decide to proceed we would provide you with a detailed quote for those services required.




## Meet some of our International Services Team

We have a dedicated team which is recognised as one of the most experienced in the Southern Region. Members of this team have specific expertise in helping inward investors maximise their tax opportunities and are active in our international network, Kreston Global.



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