

International Services

Doing Business in the UK Tax, Accounting & Legal Checklist

When considering the formation and set up of a business in the UK, it is worth working through this checklist to ensure that you have considered the basic issues in advance and that you have sought local advice where there are any specific issues that you need assistance with.

Do you require a branch or UK company? Or an LLP	Whether a distinct UK company is required or merely a UK branch of a foreign company is something that will need to be considered early on in the planning process. There will be tax differences between the two, most notably with regard to any loss planning and also differences in filing requirements – for example, a UK branch of a foreign company must file its whole of company accounts in the UK as a result and this may not be desirable. Alternatively the right business structure might be a partnership, typically an LLP.
Companies House Filing Obligations	Whether a company or branch is selected there will be some requirement to file information at UK Companies House, initially to set the registration up, and then annually thereafter. Other transactions such as new share issues will need to be reported as they happen.
Corporation Tax Registration	Again, whether a company or a branch you will have to consider registering for UK corporation tax, unless your UK operations do not breach the permanent establishment threshold.
Payroll Tax Registration and Pension Auto-enrolment	If you are employing individuals with UK duties, whether UK nationals or not, you will need to register them for UK payroll taxes ('pay as you earn' or PAYE). Timely payment of PAYE is vital as automatic penalties for late payment are now in force. At PKF Francis Clark we offer outsourcing payroll solutions via our payroll bureau, PW Payroll Solutions.
Employment Law	You should ensure that your workers are here with the right work permit if they are not UK nationals. You should also ensure that you have a valid contract of employment with your employee and that you understand each other's statutory rights. You will also need to ensure that you have employers' liability insurance.
Value Added Tax (VAT) Registration	VAT is applied to the sale of most goods and services in the UK where annual supplies exceed £85,000. Some goods and services are exempt or benefit from a lower rate of VAT. You should ensure that you have considered VAT and registered for it if necessary prior to making any sales. Timely payment of VAT is vital as automatic penalties for late payment are now in force. Returns are submitted ordinarily on a quarterly basis.



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Making Tax Digital	VAT registered businesses with turnover over £85,000 will need to file VAT returns online from April 2019. Other taxes are likely to follow from April 2020.
Opening Bank Account	One of the basic requirements for operating in the UK will be the opening of a UK bank account. This usually takes a little bit of time as the bank will need to perform a number of checks to ensure regulatory compliance.
Funding Issues	Your new UK venture will likely need to be funded. How that cash gets into the business, whether as debt or equity, is important, both from a commercial point of view and also from a tax perspective. In addition, thought should be given to Government and Local Authority grant funding, and also R&D tax incentives which can be used to provide elements of funding.
Contract & Commercial Law	If you are contracting with third parties for the purchase and supply of goods and services, including rental or purchase of business premises, you will need to ensure that your contracts are appropriate and fit for purpose. In addition, if there is more than one owner of the UK business some form of partnership or shareholders agreement is always advised.
Bookkeeping, Management Accounts & Outsourcing	Any business requires tidy and prompt bookkeeping and good management information to enable it to run smoothly and efficiently. Any new UK start up will need to ensure these basic functions are dealt with.
Statutory Accounts & Corporation Tax Returns	Typically, a UK company will need to file accounts within nine months following the end of the accounting period in question. Tax usually is due on the same date, although technically the return does not have to be in until twelve months after the end of the accounting period. Larger concerns may need to pay quarterly. A UK branch will be required to file a UK corporate tax return in the same timeline, supported by accounts sufficient to support the tax return.
Audit Requirements	The UK has audit requirements for certain sizes of business. Whether an audit is required will depend on an examination of the relevant facts and circumstances, particularly those in groups.

This brief summary information provides an indicative guide only and is not a substitute for obtaining specific professional advice and no representation or warranty, expressed or implied, is made as to its accuracy or completeness. You should consult a Francis Clark LLP representative before taking any action based on the information contained herein and it is recommended that appropriate overseas advice should also be separately sought. The tax rates, thresholds and time limits referred to are correct at the date of publication (2013) but may change over time.

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