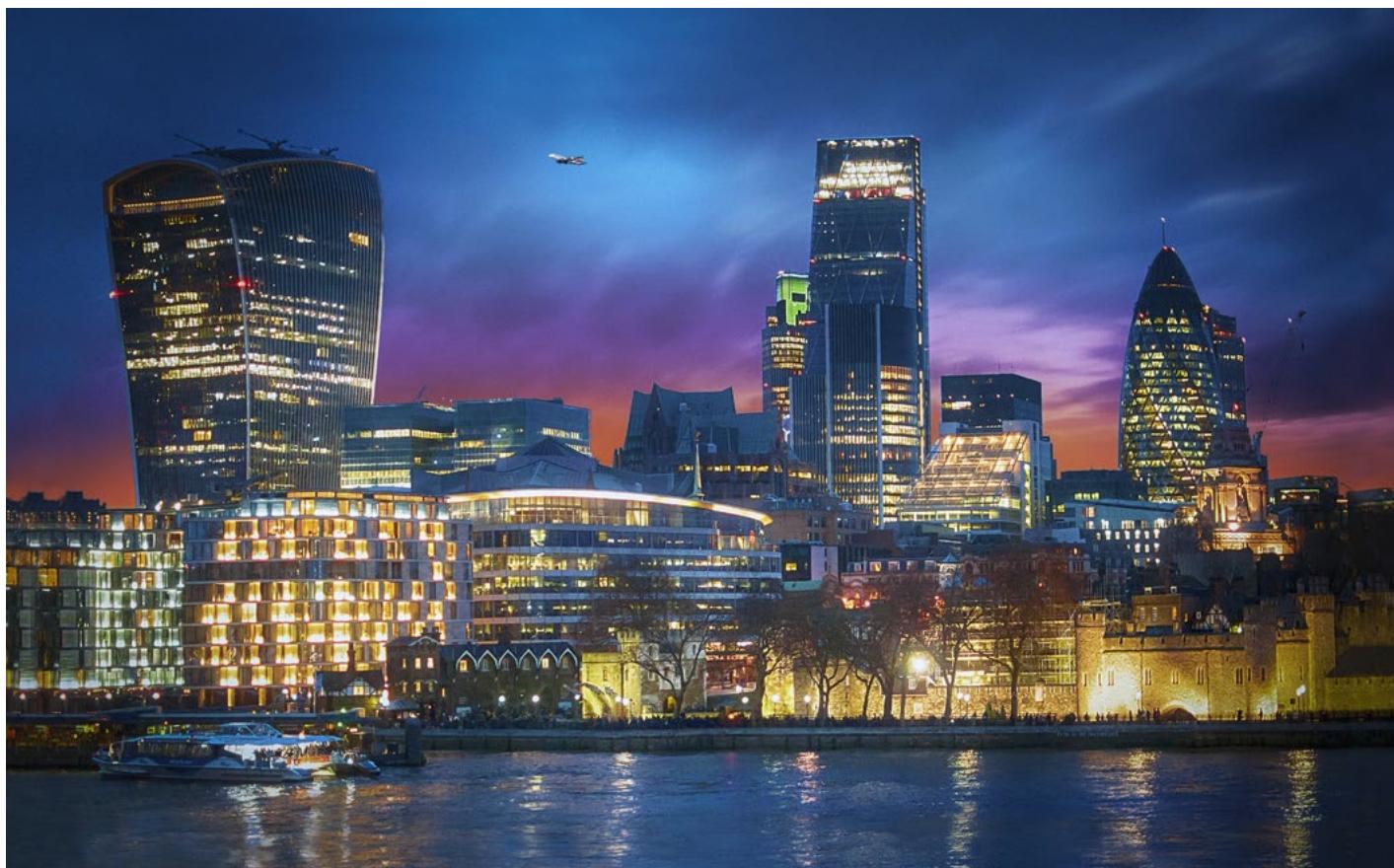


# Doing business in the UK



The UK is the world's fifth-largest economy. With a population of around 67 million, the country has large, sophisticated consumer, business-to-business, industrial and financial markets.

Here's our quick guide to the essential information you'll need if you're thinking of setting up here.

## Advantages

Among the many benefits of doing business in the UK are:

### Global connectivity

The UK is a global business hub. It's easily accessible to business travellers, and well connected to the rest of the world. There are five international airports serving London alone, and more in major cities such as Birmingham, Manchester, Liverpool, Cardiff, Glasgow and Edinburgh. Plus, the Eurostar provides a highspeed rail link to mainland Europe.

### Simplicity of set-up

Establishing a business – and getting it up and running – in the UK is generally quick and easy to do. What's more, there's no barrier to appointing foreign directors, and your financial year can start and end whenever you choose.

One exception to this is the process of opening a business bank account from overseas. Goodman Jones has long established relationships with all major UK banks, and can help you through the necessary procedures.

### Transparent economic policy

With a Budget Statement given by the government each year, most economic and fiscal plans are announced well in advance. For example, the Corporation Tax rates effective from 2023 were announced two years prior.

This transparency provides businesses with clarity, certainty and plenty of time to plan for change.

### Competitive tax regime

The UK's tax system is complex, but rates are generally attractive to businesses in many other countries. There's more detail on this in the 'Taxation' section below.



## Government

### Structure

The UK is a constitutional monarchy, with a government made up of a lower and upper house.

The House of Commons is the lower house; its members are democratically elected, usually once every five years. The upper house is The House of Lords, where membership is appointed, hereditary or by official function.

### Public finances

Economic, fiscal and spending policy are set by HM Treasury – the UK's ministry of finance – which is headed by the Chancellor of the Exchequer.

The UK financial year ends on 31 March, and the fiscal year on 5 April. The Chancellor makes an annual Autumn Budget Statement, laying out the Treasury's key policies and priorities for the year ahead. Significant changes often go through a consultation period, so there is ample notice that a tax may be under review.

Her Majesty's Revenue and Customs (HMRC) is responsible for collecting tax and enforcing fiscal rules.

### Trade

Trade between the UK and other countries and economic blocs is the responsibility of the Department of International Trade (DIT). The DIT is overseen by the Secretary of State for International Trade.

## Taxation

### VAT

Like in most countries, Value-Added Tax (VAT) is charged on the purchase of goods and services.

Being a tax on transactions, VAT works in real time. So registering for VAT, and being prepared to comply with the rules, should be a priority for firms setting up in the UK.

### Business tax

As noted, the UK has a relatively competitive businesses tax framework:

- The highest rate of Corporation Tax is currently 19% (increasing to 25% from 1 April 2023). The UK government points out that this will remain one of the lowest rates among the G20 nations
- The payroll-tax regime is comparatively straightforward compared to those in many other countries. It's made up of just two obligations (Employer's National Insurance and Auto-enrolment), whose bands are narrower than in many jurisdictions
- There are attractive allowances on plant and machinery: Capital Allowances and Annual Investment Allowance
- R&D Tax Credits are available to incentivise innovation. In the Autumn 2021 Budget Statement, the Chancellor pledged to increase R&D investment by an additional £20 billion by 2024-25; and to 2.4% of GDP by 2027. That's well above the latest OECD average of 0.7%

### Property

The UK property market is unique, and the tax rules surrounding it are highly complex.

Our property specialists can guide you through the legislation, support you with compliance, and help you take advantage of the relevant reliefs.

### Post-EU landscape

The UK ended its membership of the European Union (EU) at the beginning of 2021.

This means that EU trade arrangements – such as free movement of goods, services and people within the Union – no longer apply in the UK. The same goes for trade agreements between the EU and other non-member states.

The EU remains the UK's biggest trading partner, accounting for 48% of the UK's foreign trade in goods in 2019. And the UK is the EU's third-biggest trading partner, after the US and China.

The Trade and Cooperation Agreement between the UK and EU is set out on the EU's website. This came into force once the UK left the EU.

The UK has trade arrangements with a number of countries outside of the EU – you can find out about these on the DIT website.



## Net Zero

The government has committed to making the UK carbon neutral by 2050, and has published its strategy to achieve this.

The Build Back Greener strategy aims to support business with the decarbonisation of their operations. It outlines policies and proposals for decarbonising all sectors of the UK economy, and is supported by a 10-point plan.

Significantly, the UK was the first country to embed climate disclosures into the reporting requirements for corporates with over 500 employees and £500m turnover. Based on the Task Force on Climate-Related Financial Disclosures (TCFD), these became mandatory as of April 2022.

## Levelling up

A substantial proportion of the country's commercial and economic activity is concentrated in London and the South-East. The government's stated aim is to improve other regions as places to live, work and do business.

Announced in February 2022, the government's 'levelling up' strategy is intended to "transform the UK by spreading opportunity and prosperity to all parts of it".

It plans to achieve this via 12 cross-government, cross-society 'national missions'. The strategy is the responsibility of the Department for Levelling Up.

## Business customs

Entering a new national market inevitably means getting used to its cultural norms and common business practices. Here are some of the UK's key business customs to be aware of:

### Introductions

In a business or social setting, introductions usually involve a brief handshake while maintaining eye contact. People usually introduce themselves by their first name, and people are generally on first-name terms with their colleagues and business associates.

### Business dress

Traditional business wear in an office environment is a plain suit for men and women, or a dress for women.

Over time, however, many sectors and companies have adopted more casual dress codes. And since the pandemic, casual dress on video calls has become widely accepted.

If you're unsure, it's best to check before going to a meeting, or starting at a new workplace. If that's not possible, then dressing more formally is better than being too casual.

### Meetings

There aren't many formal rituals surrounding business meetings. But they generally start on time – people often arrive a few minutes early. Try to call or message if you're running late.

Attendees are likely to exchange small talk for a short time before the meeting begins properly. The meeting host will typically be the one to move proceedings on from casual conversation to business matters.

## Regional distinctions

The UK is made up of four countries: England, Scotland, Wales and Northern Ireland. Each has its own strong, national identity, so avoid referring to anybody as 'English' unless you know they're from England.

An important aspect of UK culture is the friendly rivalry between the four countries, and between the different regions and cities. People will often poke fun at friends and colleagues for being from other parts of the UK. To avoid causing offence, it's better not to join in, unless you're very familiar with the complex relationships involved.

## Communication

British people often avoid direct statements or commands, seeing gentle suggestions and indirect expression as more polite.

For example: "Perhaps you could finish that later" may be a way of actually instructing you to finish the task later. If somebody says, "That's an interesting point, but...", they probably aren't agreeing with your idea.

## Socialising

In the workplace, people will regularly offer to make tea and coffee for the team. It's a good idea to take your turn!

Outside of the office, colleagues often go out for a meal at lunchtime or a drink after work, especially on special occasions – such as to celebrate a success, or for somebody's birthday.

Obviously, these occasions are a great opportunity to get to know your colleagues or business associates, and to feel part of the team.

While nobody expects you to go along every time, constantly declining social invites may be seen as unsociable. That said, you won't be expected to stay until late – joining for a short while is more than acceptable.

## How we can help

### International connections

Goodman Jones is part of GMN International, a worldwide association of accounting firms.

We're also members of the DIT's UK Advisory Network. This brings together business service providers across a range of disciplines, giving you access to advice on all aspects of establishing your business in the UK.

What's more, we have relationships with leading law practices, who can help you manage the legal aspects of setting up and operating a business in the UK.

### Our services

We offer a range of accounting, audit and advisory services to help you set up in the UK; comply with local regulation; and improve the performance of your operation.



## Company structure

We'll work with you to identify and establish the ideal legal structure for your UK operation – for example, a limited company, partnership or local branch of the parent company.

## Tax planning, support and advice

Our experts can help you formulate the optimal tax strategy for your UK business, and guide you through the country's complex tax legislation.

We can also act as your tax agent in the UK, liaising with HMRC to manage corporation tax, employment tax and VAT on your behalf.

## Transfer pricing

The team can assist you with your internal pricing arrangements by:

- Looking at the consideration of the proposed business model and risk allocation between the parent company and its subsidiaries
- Identifying the nature of the return that the UK operation should be seen to achieve
- Identifying which of your intercompany transactions and interactions may be affected by UK transfer-pricing rules
- Helping you to put the appropriate transfer-pricing agreements in place
- Benchmarking these agreements against your industry peers, to confirm that the internal prices you're charging are appropriate

## Employment

We can help with all aspects of bringing staff, directors and partners to the UK, and employing British workers. This includes: payroll operation, compliance and equalisation

- Pension auto-enrolment and management
- General HR and recruitment support – for example, with candidate interviews and to create staff handbooks
- Employee incentivisation and retention strategies

We also work closely with a range of employment law specialists, who can advise on legal issues such as visa requirements.



#### **Accounting, reporting and audit**

We can manage your statutory UK accounting and reporting obligations for you. We'll ensure your submissions meet the necessary International Financial Reporting Standards (IFRS), and advise you on any specific UK accounting requirements.

In addition, we're registered auditors in the UK, and have extensive experience of auditing subsidiaries of international groups.

#### **Financing**

Our specialists can introduce you to the network of banks with which we work regularly, including here in the UK. And we can carry out due diligence on your behalf if you're acquiring a UK company.

#### **Property**

We're experts in all issues relating to UK property, including the tax implications. And we have connections across the sector, who can help you find the right business premises, or homes for your expat employees.

#### **Company secretarial**

We can set up and maintain a Registered Office for your UK business, and ensure that your official company books are properly maintained. And we can deal with share issues, minutes, directorial appointments, and annual returns to Companies House on your behalf.

#### **Our track record**

Our extensive experience of supporting international organisations includes:

- Helping companies from EU countries to understand the impact of Brexit on their supply chains
- Advising an Israeli business on importing goods into the Republic of Ireland via the UK
- Enabling a Canadian firm to minimise compliance risks on its UK sales
- Navigating tax obligations for a US IP business, which merged its assets in the UK into a UK-based acquisition
- Providing domiciliation services and IFRS financial statements for a French financial-services enterprise
- Conducting an independent valuation of a UK business being acquired by a Belgian company – in compliance with International Accounting Standards (IAS)
- Supporting an Austrian subsidiary's employees with their UK tax issues
- Adapting a US company's employment contracts to comply with UK employment law – avoiding exposure to risks and penalties that the firm's executives weren't aware of
- Carrying out a stocktake at UK premises for a global organisation.



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