



Ellacotts

DOING BUSINESS IN THE UK



Why the UK?

The United Kingdom of Great Britain and Northern Ireland (UK) consists of three jurisdictions: England and Wales, Scotland, and Northern Ireland. Even though they adopt a similar approach to business, there are some distinctions and this brochure focuses on doing business in England and Wales.

With a long and successful history of trade with the rest of the world, the UK is the world's fifth largest economy. Foreign investors have traditionally chosen to set up business in the UK for many reasons, including being an English speaking country and a vast network of tax treaties.

Forms of business

An overseas business wishing to do business in the UK has a number of choices including:

- Setting up a branch office
- Establishing an agency, distributorship or franchise arrangement
- Becoming part of a joint venture or partnership arrangement
- Incorporating a UK subsidiary company
- Acquiring a UK company

The most popular choice is the setting up of a branch or incorporating a subsidiary in the UK. The choice of the ideal business structure depends on a number of factors such as tax, legal and regulatory requirements, product origin, the availability of funding and resources, and the permanence and size of the UK activity.

Branch office

Establishing a branch office is ideal for an overseas company which has a fixed base from which it already conducts its business. Certain details of the overseas company and of the UK establishment need to be submitted to the Registrar of Companies.

Since a branch is not a separate legal entity, the foreign company is directly responsible for the UK branch's operations and liabilities and they are required to file annual accounts and tax returns.

UK subsidiary

Most foreign investors choose to incorporate a UK subsidiary in the form of a UK **Limited Liability Company**, which could either be public (listed on the Stock Exchange) or, more commonly, private. A company is a separate legal entity, distinct from its members, and its shareholders enjoy limited liability which means it is limited to the amount unpaid on their shares in the company. Having separate legal entity status allows the UK company to enter into contracts directly whilst offering the parent company protection from the subsidiary's liabilities.

A UK subsidiary can also be incorporated in the form of a **Limited Liability Partnership (LLP)**. A LLP is a separate legal entity and has similar filing responsibilities to a company. Unlike a limited liability company, it is tax-transparent meaning that it pays no UK Corporation Tax or Capital Gains Tax. It must have at least two members and all members have limited liability, and are subject directly to tax on profits arising from the LLP.

Taxation in the UK

A company which is resident in the UK for tax purposes (incorporated in the UK or managed and controlled from the UK) is liable to Corporation Tax on its worldwide profits and chargeable gains.

A UK establishment of a non-resident company is liable to UK Corporation Tax on trading income arising through the UK establishment, income from property or rights held in the UK and chargeable gains on the disposal of assets in the UK.



About Ellacotts LLP

Ellacotts is one of the largest independent firms of chartered accountants and business advisers, and is listed in the top 100 accountancy firms in the UK.

We provide a wide range of accounting, business advisory, taxation and audit services helping your business improve its performance and protect your personal wealth for the future. Our dedicated team of specialists are knowledgeable and well-informed, approachable and practical and work closely with our clients to deliver carefully planned, clever solutions that are bespoke to your circumstances. With your accountancy and administrative functions taken care of, you have more time to concentrate on the strategic issues of your business.

We are members of the **UK200Group**, a national quality assured association of chartered accountants and lawyers, and members of the International Association of Practising Accountants (**IAPA**), an association of international accounting firms with similar ethos and quality standards. Being part of these associations gives us the advantage of access to a depth of shared professional knowledge, resource and expertise on both a national and international platform, which is key in today's ever changing business environment.

Our services include but are not limited to:

Outsourced bookkeeping

Outsourcing your financial and accounting management to Ellacotts will reduce your operating costs and allows you to take advantage of economies of scale - giving you access to high levels of external expertise, and ensuring best practice and adherence to the latest rules and regulations.

Management accounts & Virtual Financial Controller

We can provide you with a dedicated financial controller who can take control of all your accounting functions. Having the relevant management information at hand, you will be able to monitor your business' profitability and overall financial health, including key performance indicators (KPIs). We will provide you with the right information at the right time, as often and as detailed as you like. We can also make supplier payments on your behalf and manage your credit control. Furthermore you will have access to sound financial advice to ensure you make the right business decisions.

Cloud accounting

We offer low-cost online accounting software for bookkeeping, which reduces your costs and enables you to work more efficiently. As it's in the cloud, there is no software to install or data file backups to worry about. Online accounting gives you access to your finances 24/7, enabling you to run reports as often as you wish and giving you instant access to the financial health of your organisation. You can also invoice customers, track bills or expenses and check bank statements online.

Payroll

By outsourcing your payroll, we will ensure that you are relieved of the administrative and legislative burdens that are required of you as an employer, remove the need for a payroll administrator and save you time and money on staff training and payroll software. We can provide support and advice on how to deal with your responsibilities such as RTI submissions and Auto enrolment. Our service is paperless and we use the latest online secure portals for exchange of information and BACS payments processing, as well as e-payslips for your employees.

VAT

We can ensure you are compliant with all the VAT regulations and that your VAT returns are submitted with HMRC.

Preparation of annual accounts

We can assist you in preparing your annual accounts, accurately and efficiently and will keep you updated on any new legislation which may affect your business.

Audit

All businesses incorporated in the UK require a statutory audit unless the company is dormant or if it satisfies two or more of the following conditions for the current and preceding year:

- Annual turnover of £10.2 million or less
- Assets worth £5.1million or less
- An average of 50 or fewer employees

We offer a full range of services to give you the right level of assurance for your business, including statutory audits as well as assurance reviews and agreed upon procedures for companies which are audit exempt but still want to achieve a certain level of assurance on their financial statements.

Tax compliance

Whatever the size of your business, we will incorporate tax-efficiency into your planning and decision-making, as well as taking care of returns and paperwork. Our approach is to develop a tax strategy with you and to deliver tailored solutions to meet the objectives of your business.

Research and Development (R&D) and Patent Box

The R&D tax relief offers enhanced relief on allowable expenditure and can even result in a repayable tax credit in some instances. The Patent Box relief is closely linked to R&D tax relief, providing a reduced rate of Corporation Tax for companies exploiting patented inventions or other innovations protected by certain intellectual property rights. We can assist in preparing and submitting your claims as well as liaising with HMRC on your behalf to ensure that the process is as smooth and efficient as possible.

Meet the team

You will have key contacts in our team available to answer queries and develop strategies.



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Samantha Cribb, Financial Controller, PCM

"Ellacotts became our new auditors replacing our previous, long-standing auditors. Despite this being the first audit with them it went very smoothly and was well managed by the audit team. Everyone involved at Ellacotts was experienced so we were only asked sensible questions and were able to get on with our daily work with only necessary interruptions. We are part of a French-owned group and so have very tight reporting deadlines for our year end but these were met with no dramas."

Mike Mann, Managing Director, DSV UK Limited

"We have been working with Ellacotts since the business was founded, and have always been delighted with their knowledge, advice and support!"

Banbury

Kettering

London

For more information about Ellacotts and our services, please visit www.ellacotts.co.uk

Information for readers:

Ellacotts LLP is a member of the UK200 Group, a national association of UK independent quality assured accountancy and legal firms. We are one of the fastest growing accountancy firms in the UK and listed as a Top 100 Accountancy Firm by the Accountancy Age 2018 survey. We work closely with other professionals such as solicitors and land agents to ensure the best tax position for our clients.

Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under the reference number C001386037. For all legal information including terms of business, please visit www.ellacotts.co.uk. Ellacotts LLP is a Limited Liability Partnership registered in England and Wales, Registered Number: OC319580. A list of members is available for inspection at the offices of the firm

