



First steps to setting up your business in the UK





Crossing borders

In an increasingly connected world, moving into new territories is now on the agenda for many. Greater market share, the reduced cost of doing business abroad, access to local expertise and favourable tax regimes are among the key factors driving businesses to expand their operations overseas.

As the sixth largest trading nation in the world, boasting a flexible, highly skilled workforce and favourable tax environment, the UK remains a destination of choice for many organisations looking to expand their operations overseas. Indeed the UK's inward investment results for 2017/18* confirm that the UK is the leading destination for foreign direct investment in Europe and one of the most competitive globally.

But while setting up your business in the UK may have its advantages - get it wrong and the implications could prove costly.

To make your entry into the UK market as smooth as possible, you'll need to do your homework. Know how the market operates, understand the legal environment, familiarise yourself with the culture and, importantly, don't underestimate the competition. You'll need to ensure your approach is co-ordinated and well managed, which is where we can help.

**Department for International Trade Report 2017/2018.*

How we can help

Designed to make the process of setting up and running operations in the UK as seamless and straightforward as possible, we provide you with advice and support appropriate to your individual needs and budget.

Phase 1

Consider your options and set the strategy



- Determine market opportunity and entry strategy
- Gain local market insight
- Road-test your business plan
- Conduct a readiness assessment
- Conduct a risk assessment
- Prepare an advisory report - business structure, tax implications, regulatory issues, legal requirements
- Design the project plan (including critical steps, timeline, governance and resourcing)
- Define roles and responsibilities
- Communicate with stakeholders

Phase 2

Implementation and set-up



- Create a pool of relevant advisers - finance, bankers, legal, employment, insurance and property
- Establish a legal presence and notify the authorities that you've set up your business
 - Incorporate as a company or LLP
 - Register as a permanent establishment
 - Register for taxes
 - Register for payroll
- Set up a UK bank account
- Set up a UK-compliant accounting system
- Select suitable accounting policies
- Provide people management services - senior recruitment, reward and advice
- Seek financial services regulatory advice
- Produce employment contracts, identify employee benefits and incentives, and register foreign employees
- Put insurance arrangements in place
- Consider debt and equity structures
- Progress to 'business as usual'

Phase 3

Aftercare



- Provide advice and support on an ongoing basis or transition in-house. Short, medium or long-term help - depending on your individual requirements - is available in the following areas.
 - Payroll taxes and relevant returns
 - Corporation tax returns
 - VAT returns
 - Statutory accounts
 - Year-end statutory audit requirements
 - Management accounts
 - Company secretarial services
 - Ongoing bookkeeping services
 - Pension schemes and employee incentives
 - People management services - senior recruitment, reward and advice
 - Further expansion and capital acquisitions
 - Transfer-pricing issues
 - Research and development tax credit claims
 - Exit strategies

Tried and true

We work with a significant number of clients based in overseas jurisdictions with business interests in the UK. Our specialist knowledge can help you mitigate legal and commercial risks, ensure effective use of your investment spend and will ultimately help you achieve a faster and smoother route to market.

Helping a US-headquartered healthcare consulting firm set up a holding company structure in the UK for non-US operations

Scope

To provide the group with an outsourced finance function, enabling the senior management team to focus on implementing the business plan and win new work.

What we did

We helped with the incorporation of the UK holding and trading company, corporate tax structuring and compliance, monthly bookkeeping and management accounts, VAT advice and annual statutory accounts preparation. We continue to liaise with other jurisdictions on behalf of our client as new global operations are added.

Value delivered

The senior management team was able to focus on winning and executing sales contracts and to build their business on an international basis by setting up subsidiary operations elsewhere.

Helping a US-based chemical company set up operations in six European countries simultaneously

Scope

To help the company set up a six-country legal structure in Europe, with the UK as an intermediate holding company.

What we did

Each of the six entities was required to reach operational status within three months of the decision to proceed. We achieved this target, helping to establish a European sub-group with operations in every country and supported by an agreed transfer-pricing strategy set up at the same time.

From the UK, we used our international network to contact our equivalents in all six countries. We then project managed the implementation of the legal structure in each country and established trading arrangements between each of the entities and the UK company, as well as the UK company and its US parent company.

Value delivered

Within 13 weeks of the decision to proceed, the company had entities operating in all six countries, each contributing to an online chemical trading platform.

Advising a French oil and gas group on setting up operations in the UK through a branch

Scope

To set up and register the UK branch of a French company with the UK tax and company authorities, implement a payroll system and deal with all administrative matters (payroll, corporation tax, VAT) on an ongoing basis.

What we did

We registered the branch and advised on the best way to remunerate UK staff. We also advised on moving the branch to a more appropriate structure for what is now a fully-fledged business. We continue to operate the payroll systems for the business.

Value delivered

We have provided the UK branch with a complete back-office function since 2011, allowing staff to concentrate on winning and delivering contracts in the oil and gas sector.

Providing business outsourcing services

Scope

To help an inward-bound investing company by providing business outsourcing services including HR advice, payroll management accounts, VAT, accounts preparation, iXBRL (Inline eXtensible Business Reporting Language) tagging, taxation and company secretarial services.

What we did

Among the services we provided were HR advice and compiling the staff employment contracts, setting up a PAYE scheme and processing monthly payroll runs, preparing quarterly management accounts, registering the company for VAT and preparing the quarterly VAT returns, registering the company for corporation tax, and processing company secretarial changes as they arose.

Value delivered

We removed the stress, challenges and higher costs that senior management would have faced had they set up their own accounts and finance team in-house.

Managing payroll and preparing management accounts

Scope

A UK-incorporated company, which was part of a larger group controlled remotely by directors living in Switzerland, needed help managing their payroll and preparing management accounts.

What we did

We advised on the method of calculating profit allocation, preparing a detailed transfer-pricing report. We continue to work with the company to provide payroll services for their UK staff and management accounting support.

Value delivered

Our ability to provide prompt accounting information was of real value to our client, particularly as they were required to comply with a bank solvency check at short notice. It also allowed the company to keep a credit line, saving them around £150,000 in revenues over the following seven days.

Our international connections

The UK is generally considered the gateway to Europe, with businesses often setting up their European headquarters in the country. To support your expansion plans into the UK and Europe, our teams are associated with accounting, tax and investment management specialists around the world.

We are a key member of Nexia International, a top ten global network of independent accounting and consulting firms*, with over 600 offices in more than 120 countries. We are members of Oaklins International Inc., a leading independent network of merger and acquisition specialists and investment banking firms operating in over 40 countries.

Through these connections, we can provide you with a seamless, high-quality service across international borders.

**According to the 2018 International Accounting Bulletin (IAB) World Survey, as measured by fee income.*





Contacts

For more information, please contact one of our cross-border specialists.



Ray Abercromby

location: Birmingham

t: +44 121 710 5223

e: ray.abercromby@smithandwilliamson.com



Alistair Shaw

location: London

t: +44 20 7131 4456

e: alistair.shaw@smithandwilliamson.com



Stephen Drew

location: London

t: +44 20 7131 4056

e: stephen.drew@smithandwilliamson.com



Maria Fandrakis

location: Guildford

t: +44 1483 407 144

e: maria.fandrakis@smithandwilliamson.com



Chris Appleton

location: Southampton

t: +44 23 8082 7622

e: chris.appleton@smithandwilliamson.com



Keith Phillimore

location: Salisbury

t: +44 1722 431083

e: keith.phillimore@smithandwilliamson.com

smithandwilliamson.com

Smith & Williamson LLP Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International.

Nexia Smith & Williamson Audit Limited Registered to carry on audit work in the UK and Ireland and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities. A member of Nexia International.

We have taken great care to ensure the accuracy of this publication. However, the publication is written in general terms and you are strongly recommended to seek specific advice before taking any action based on the information it contains. No responsibility can be taken for any loss arising from action taken or refrained from on the basis of this publication. © Smith & Williamson Holdings Limited 2019. Code: 34019hp Exp date: 05/03/2020.



Smith & Williamson is a member of Nexia International, a worldwide network of independent accounting and consulting firms.