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Europe Business Assembly – setting up business in the UK – fact sheet 2012

As one of the world's leading financial centres, the UK continues to attract significant inward investment with "the UK and London in particular offering an unrivalled network of skilled lawyers, accountants and other technical expertise that make the UK a great place to invest from" (BVCA Private Equity and Venture Capital Report on Investment Activity 2010).

The table below summaries some of the key legal issues that affect any business thinking of setting up in the UK:

- business structure**
- no foreign (non-EC) ownership or management restrictions
 - no significant waiting period: new companies can be formed on a same-day basis
 - no minimum capital requirements for most trading entities - but a public limited company must have minimum capital of £50,000 of which a quarter paid up; and a Societas Europaea must have minimum capital of €120,000
 - limited liability trading: creditors' claims limited to invested capital
 - flexible range of corporate vehicles: LLP (limited liability partnership), private or public limited company, Societas Europaea
 - 'shelf' companies can be set up for less than £500 depending on initial capital structure
 - companies incorporated in the UK must maintain a registered office in the UK: Blake Lapthorn can provide a registered office and a corporate secretarial service
 - public filing requirements: but with facility for confidentiality, where required
 - overseas company can establish place of business in the UK without the need to establish a UK subsidiary. Overseas company must then comply with UK filing requirements relating to constitutional documents, accounts, directors details and UK service address

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- import licenses**
- certain goods and services may require an import licence including firearms, plants and animals, foods, medicines, textiles and chemicals - whether a licence is needed may depend on where goods are being imported from
 - licences may be needed even if goods are only imported temporarily, for example, for an exhibition

trading consents

- certain business activities require authorisation before commencement of business
- regulated business activities include:

nature of business

- financial services
- education
- medicines, medical devices and services
- gambling

authorising institution

- Financial Services Authority (FSA)
- Department of Education
- Medicines and Healthcare products Regulatory Agency (MHRA)
- Gambling Commission

entry visas

- non-EC workers require an entry visa
- five entry tiers under the 'Points Based System':

tier	comment
Tier 1 (highly skilled)	approval is not conditional on having a UK job offer
Tier 2 (skilled workers)	applications are split into a number of sub-categories and an offer of employment in the UK is required
Tier 3 (unskilled workers)	may only be used to provide temporary cover – not yet operational
Tier 4 (students)	applies to adults and children - applicants will be subject to work restrictions
Tier 5 (temporary workers)	workers are taken on under a UK government approved programme

- Tier 1 specifically includes categories for 'entrepreneurs' with £200,000 or more to invest into a new or existing business and 'investors' with access to £1 million to invest
- specific Sole Representative visa for those coming to the UK to establish a branch or subsidiary of an overseas business
- many applications will need to be supported by evidence of English language ability and evidence that the applicant can be maintained financially
- entry may also be granted under the 'Non-Points Based System', usually due to relationships with persons with UK residency

real estate

- availability of different property interests: freehold (the primary interest effectively giving absolute ownership) and leasehold (giving rights of occupation for a limited period, which can be short or long, in return for payment of rent)
- long leases (99 years or more) are closer to a freehold interest and granted and then sold for a capital sum or premium and require only a small annual rent
- businesses requiring relatively significant premises for a reasonable period might consider purchasing a freehold or a long leasehold property
- non-property businesses tend to prefer the flexibility of renting premises, without tying up significant capital
- renting serviced offices may be a preferable short term arrangement, available at an all-inclusive rent plus a separate charge for facilities used (but can be expensive in the longer term)
- selection of a property interest may also be influenced by other considerations including tax issues, insurance, environmental issues, surveys and the financial status of the business

tax

- Corporation tax: companies are treated as UK tax resident if they are UK incorporated or "management and control" is exercised in the UK. A non-UK tax resident company may also be charged corporation tax if it carries on a "trade" through a permanent UK establishment
- Value Added Tax: generally chargeable on the supply of goods and services in the UK at a rate of 20%
- Income tax: UK resident individuals will be subject to income tax on their worldwide income. Non-UK resident individuals will only be subject to income tax on any income arising in the UK

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