Hillier Hopkins LLP
Chartered Accountants
and Tax Advisers

HillierHopkins

Doing business in the UK

An essential guide for finance professionals and business owners

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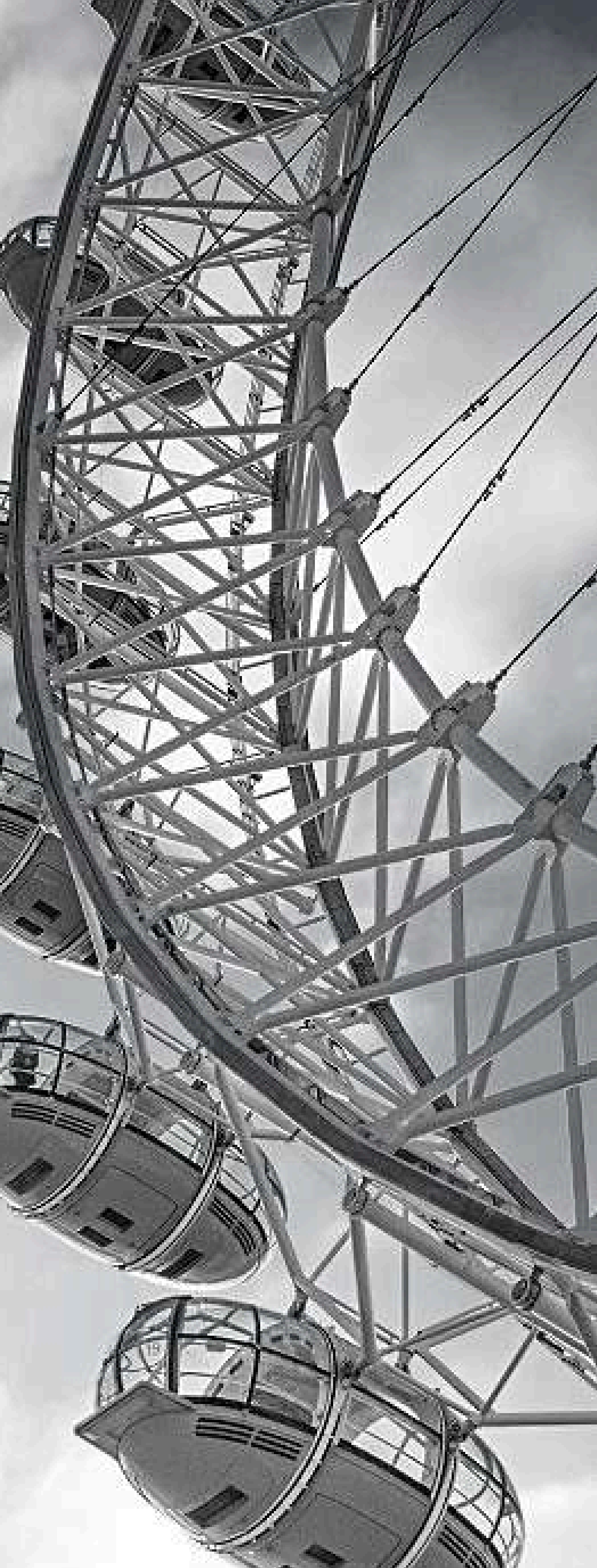
"friendly expertise"

About Hillier Hopkins

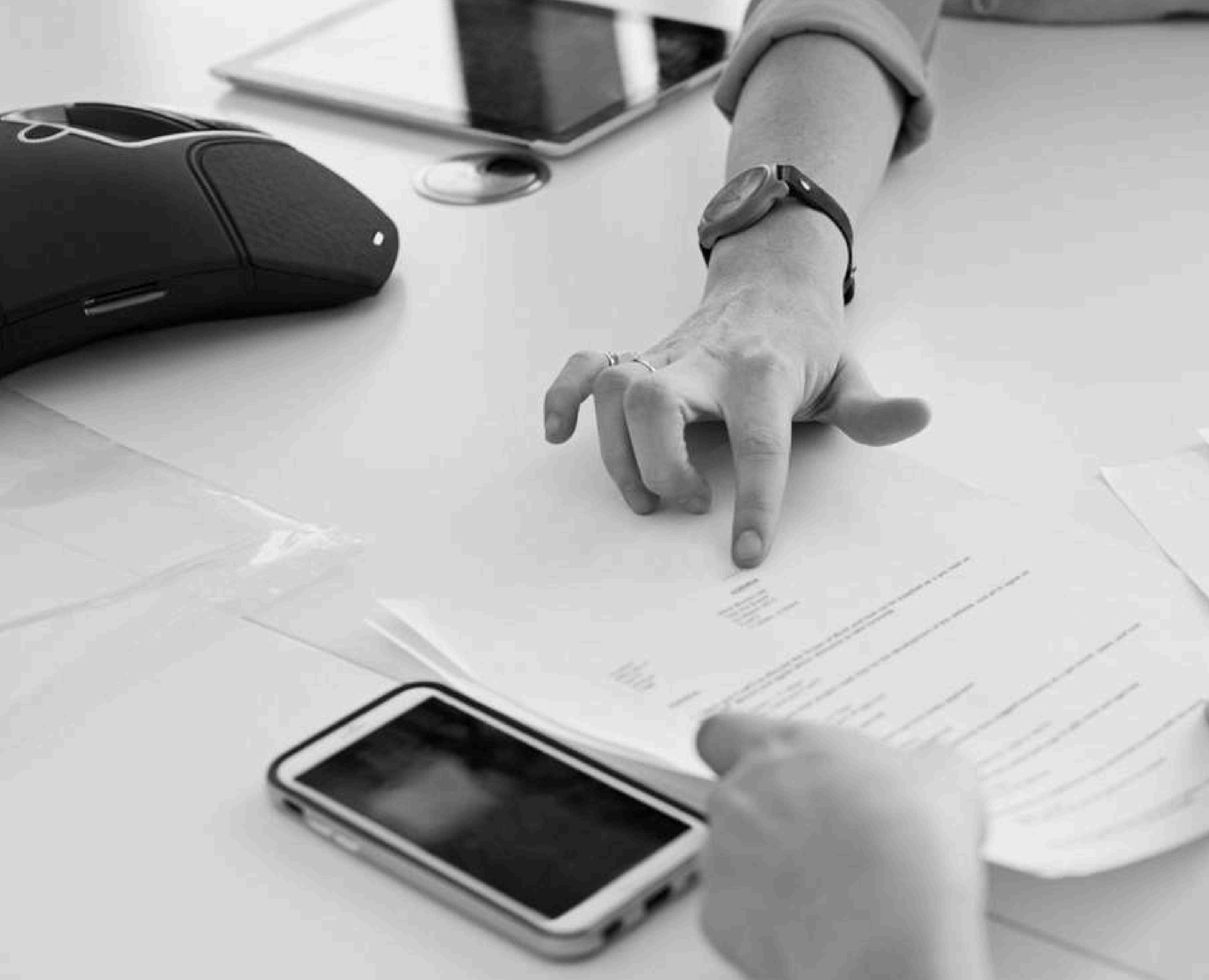


Established in 1933, Hillier Hopkins is now a leading firm of independent Chartered Accountants, with approximately 250 staff across 3 office locations:

- Pall Mall (Central London)
- Watford (Hertfordshire; 20 minutes by train to Central London)
- Milton Keynes (Buckinghamshire; 35 minutes by train from Central London and at the mid-point of the Oxford-Cambridge technology arc)

We are the friendly experts for businesses large and small, serving UK and international companies with particular expertise in indirect tax, VAT, customs and corporate tax. Our teams work collaboratively to provide holistic advice on domestic and cross border trading.

Contents



Subsidiaries vs branch 4

Employing staff 6

Audit requirements 8

Tax implications 10

VAT 12

Customs 14

Buying properties and SDLT 17

How we help 19

Subsidiaries vs branch

Understanding business entities in the UK

In the dynamic world of international business, companies often seek to expand their operations beyond their home countries. The UK, with its robust economy and business-friendly environment, is a prime destination for such expansion. When a foreign company decides to establish a presence in the UK, it typically considers two primary structures: subsidiaries and branches. Understanding the differences between these entities is crucial for making an informed decision that aligns with the company's strategic goals.

Autonomous entities with distinct legal status

A subsidiary is a separate legal entity from its parent company. It is incorporated under UK law and operates as an independent company, even though it is owned and controlled by the foreign parent company. This autonomy allows the subsidiary to enter into contracts, own property, and be held liable for its actions independently of the parent company.

Advantages of subsidiaries

- Limited liability: The parent company's liability is generally limited to the extent of its investment in the subsidiary. This means that the parent is not directly liable for the subsidiary's debts and obligations.

- Operational flexibility: Subsidiaries can develop their own business strategies and operations tailored to the local market, providing greater flexibility and responsiveness to local conditions.

- Tax benefits: Subsidiaries are subject to UK corporate tax on their profits, which may offer advantageous tax planning opportunities. They can also benefit from the UK's network of double taxation treaties.

- Reputation and branding: Operating as a local company can enhance credibility and trust with customers, suppliers, and regulators, potentially leading to better business relationships.

Establishing a subsidiary

To establish a subsidiary in the UK, a foreign company must go through the incorporation process with Companies House, the UK’s registrar of companies. This involves:

- Choosing a company name: The name must be unique and comply with UK naming regulations.

- Preparing incorporation documents: These include the Memorandum of Association, Articles of Association, and other necessary forms.

- Appointing directors and a company secretary: While there is no requirement for the directors to be UK residents, having local directors can be beneficial for managing local affairs.

- Registering for taxes: The subsidiary must register for UK taxes, including Corporation Tax and VAT if applicable.

Branches: Extensions of the parent company

A branch, unlike a subsidiary, is not a separate legal entity. It is an extension of the foreign parent company and operates under the parent's name and structure. This means that the parent company is directly liable for the branch's activities and obligations.

Advantages of branches

- Direct control: The parent company maintains direct control over the branch's operations, ensuring alignment with the overall corporate strategy.
- Consolidated financial reporting: Branches do not require separate financial statements, simplifying the accounting and reporting processes, however the parent company accounts will need to be filed at Companies House.

Establishing a branch

To set up a branch in the UK, a foreign company must register the branch with Companies House. The registration process includes:

- Providing company information: The parent company must submit detailed information, including its legal name, country of incorporation, and business activities.
- Registering the branch address: A UK address for the branch must be provided for legal and correspondence purposes.
- Appointing a representative: A local representative must be appointed to act on behalf of the branch in the UK.

Key considerations for choosing between a subsidiary and a branch

When deciding between a subsidiary and a branch, companies should consider several factors:

- Liability and risk management: Subsidiaries offer limited liability, protecting the parent company's assets, whereas branches expose the parent to direct liability.
- Tax implications: Tax treatment can differ significantly between subsidiaries and branches, impacting overall tax efficiency. Consulting with tax advisors is essential to understand these implications fully.
- Regulatory compliance: Subsidiaries must comply with UK corporate laws independently, while branches must ensure the parent company's compliance with UK regulations.
- Market perception and credibility: Operating as a subsidiary can enhance local market perception and credibility compared to a branch, which is seen as an extension of a foreign entity.

Both subsidiaries and branches offer viable pathways for foreign companies looking to establish a presence in the UK. The choice between these two structures depends on the company's strategic objectives, risk tolerance, tax considerations, and operational preferences. By carefully evaluating these factors, companies can choose the structure that best supports their business goals and maximizes their potential for success in the UK market.

Employing staff

Tax considerations for overseas businesses

Expanding operations into the UK offers substantial opportunities for overseas businesses. However, employing staff in the UK comes with specific tax obligations that need careful consideration to ensure compliance and optimize financial management. This article provides an overview of the key tax requirements and practical steps necessary for overseas businesses employing staff in the UK.

Key taxes when employing staff

- National Insurance Contributions (NIC): Employers are required to pay Class 1 NIC on employee earnings if they have a UK based office above £1048 per month at a rate of 13.8%. For employees under 21, contributions are waived on earnings up to £4,189 per month. Additionally, Class 1A and Class 1B NIC are applicable to employee benefits like private medical insurance, also at 13.8%.

- Employment allowance: This allows businesses to reduce their Class 1 NIC bill by up to £5,000 annually, provided they meet specific criteria, such as employing staff beyond 1 director earning above the SET.

- Pay As You Earn (PAYE) and Employee NIC: PAYE is a system used to collect income tax from employees' salaries. Employees are subject to income tax on earnings above their personal allowance, the current basic tax allowance is £12,571, with rates of 20% on earnings up to £50,270 40% on earnings between £50,271 and £125140, and 45% on earnings above £125,141. Employee's NIC is paid at 0% on earnings up to £1048.00 per month, 8% on earnings between £1048 and £4,189, and 2% on earnings above this threshold.

- Pension contributions: Auto-enrolment in a pension scheme is mandatory for employees aged 22 and over earning at least £10,000 annually. Employers must contribute a minimum of 3% of the employee's earnings, with employees contributing 5%.

Practical steps for compliance

- Registering with HMRC: Overseas businesses can register as employers with HMRC to handle PAYE, NIC, and other related taxes. If they have a uk based business address This registration ensures that the company can legally employ staff and meet its tax obligations.

- Payroll management: Setting up a reliable payroll system is essential to accurately calculate and deduct PAYE and NIC. This system ensures timely payments to HMRC and compliance with tax laws.

- Utilizing allowances and reliefs: Businesses should take advantage of available allowances, such as the Employment Allowance, to minimize tax liabilities. Understanding and applying these reliefs can lead to significant savings.

- Adhering to reporting requirements: Monthly and annual returns must be submitted to HMRC. Maintaining accurate records and meeting deadlines prevents penalties and ensures smooth business operations. Proper documentation and timely submissions are critical for compliance.

Additional Considerations

- Benefits in kind: Offering benefits like company cars or health insurance involves additional NIC payments. Understanding the tax implications of these benefits helps design attractive yet compliant compensation packages for employees.

- Engaging with tax advisors: Given the complexity of the UK tax system, consulting with tax advisors is highly recommended. These professionals can provide guidance to ensure compliance and optimize tax efficiency, helping the business navigate the regulatory landscape effectively.

- Compliance with employment laws: Beyond taxes, businesses must adhere to UK employment laws, including those related to minimum wage, working hours, and employee rights. Ensuring compliance with these laws is essential for avoiding legal issues and fostering a positive work environment.

Employing staff in the UK involves understanding and managing various tax obligations, including National Insurance Contributions, PAYE, and pension contributions. By registering with HMRC, setting up an efficient payroll system, utilizing available allowances, and consulting with tax advisors, overseas businesses can ensure compliance and optimize their financial operations. Expanding into the UK can be a rewarding venture, provided that businesses diligently adhere to tax and regulatory requirements. Understanding and addressing these obligations are key steps toward successful and sustainable growth in the UK market.

Audit requirements

Companies and LLPs are generally required to have their accounts audited, unless they qualify for an exemption. The eligibility criteria for audit exemption are intricate, so it's advisable to seek professional advice to determine if a company or LLP is exempt. Typically, accounts do not need to be audited if the company or LLP meets two of the following three criteria for two consecutive years:

- A turnover of no more than £10.2 million.
- A balance sheet total of no more than £5.1 million.
- No more than 50 employees.

However, the UK Government has announced that it intends to increase the company size thresholds by as much as 50%. The announcement is part of a package of measures by Government to ease the regulatory burden for businesses on reporting. The changes are expected to take effect for businesses with a financial year starting on or after 1 October 2024 although confirmation of this has not come through from the UK Government at the date of this publication so this may be open to change.

The changes are expected to see 5,000 large companies reclassified as medium-sized businesses with more proportionate reporting. 13,000 medium-sized companies are expected to be reclassified as small businesses allowing them to benefit from potential audit exemption and filing simpler and filleted accounts. Over 113,000 small companies will be reclassified as micro entities allowing them to prepare simpler accounts.

It is important to note that not all companies will benefit from these changes and some companies, irrespective of size, may still need to have an annual audit. For example, those operating in certain regulated industries, publicly traded businesses, or entities which are part of a medium or large sized group.

Additionally, the Government proposals will include changes to the Directors' Report and it will also consult on providing an exemption from medium-sized companies having to include a Strategic Report.

The changes in detail

To qualify as a micro, small, medium or large company, a business must meet two of the following three criteria.

Micro businesses - The government considers a business to be a micro-entity if it has an annual turnover of less than £632,000, less than £316,000 on its balance sheet or employs on average fewer than 10 people. The new threshold will increase to £1 million or a balance sheet of £500,000. Average employee numbers are expected to remain the same.

Small businesses - To qualify as a small business, it must have a turnover of less than £10.2 million, less than £5.1 million on its balance sheet or employs on average fewer than 50 people. The new threshold will increase to £15 million or a balance sheet of £7.5 million. Average employee numbers are expected to remain the same.

Medium-sized businesses - Classified as having a turnover of less than £36 million and a balance sheet of less than £18 million. The new threshold will increase to £54 million or a balance sheet of £27 million. Average employee numbers are expected to remain the same.

Everything over this will be classified as a large business. Those that are now reclassified as small businesses cannot take advantage of the changes unless they are classified as a small business for two financial years in a row. This means they still may need to be audited.

UK company being part of a larger group?

In addition to the requirements above for a small standalone company, a company which is a member of a group will need to consider the size of the entire group of which it is a member and whether any group member makes the group ineligible. This involves looking at those entities both above and below itself in the group, as well as those in different branches of the group structure.

How will these changes affect my business?

Where businesses no longer need an audit that does not necessarily mean they shouldn't continue to be audited. If a business falls into the small business category but owners are planning for an exit down the line, having a history of audited accounts adds credibility. Similarly, if a business is considering external funding, investors will expect to see fully audited accounts. It should also be remembered that businesses with bank funding may also find the terms of that borrowing are dependent on an annual audit.

Tax implications

Many businesses looking to trade in the UK either establish a UK branch of an overseas company or create a separate UK subsidiary. A UK company is generally more favourable due to its separate legal identity, which protects overseas investors from UK claims. Profits from UK activities are subject to UK corporation tax.

Operating through a UK company

A UK resident company is liable to corporation tax on all its income and chargeable gains, regardless of their origin. A company is considered UK resident if it is incorporated in the UK or its central management and control are in the UK. Dual residency issues are typically resolved through tax treaties, determining residence based on the place of effective management.

Non-UK resident companies trading in the UK through a permanent establishment are also subject to UK corporation tax on income and gains from that establishment. Companies must self-assess their tax liabilities and keep detailed documentation. Corporation tax rates are fixed for each financial year starting April 1. If a company's accounting period does not align with the financial year, profits must be apportioned, and the relevant tax rate applied.

Corporation tax rates

Since April 1, 2015, the standard corporation tax rate for non-ring fence profits was set at 19% for the years starting April 1, 2017, 2018, and 2019. Initially, a reduction to 18% was planned for April 2020 but was maintained at 19% for 2020 and 2021. From April 2023, the rate increased to 25% for profits over £250,000, with small profits under £50,000 remaining at 19%. Profits between £50,000 and £250,000 can claim marginal relief, gradually increasing the corporation tax rate.

Payment of corporation tax

Large companies, those with taxable profits over £1.5 million, must pay quarterly instalments. The £1.5 million threshold is adjusted for group companies. If a company is large for two consecutive periods or has taxable profits over £10 million, it must pay quarterly. Companies with an annual tax liability under £10,000 pay nine months and one day after the accounting period ends. Tax returns are due within 12 months of the year-end. Companies with taxable profits over £20 million must pay quarterly on the 14th of March, June, September, and December.

Non-resident landlords

From April 6, 2020, non-UK resident companies are subject to corporation tax, not income tax, on profits from UK property businesses and other UK property income. Transitional rules apply for accounting periods straddling this date.

Digital services tax

Since April 2020, a 2% digital services tax applies to certain digital businesses with annual UK revenues over £25 million. This tax targets internet search engines, social media platforms, and online marketplaces of businesses with global revenues over £500 million. Loss-makers are exempt, and businesses with low profit margins are subject to a reduced rate.

Capital gains

Capital gains by companies are taxed at the standard corporation tax rate. Non-resident companies are taxed on gains from the sale of assets used in a UK trade through a permanent establishment. Since April 2015, non-UK residents have been taxed on residential property disposals, extended to non-residential property from April 2019. Capital losses can only offset gains in the same year or be carried forward. It is not possible to carry back losses.

A capital gain on the disposal of shares in a trading company may be exempt if at least 10% of the share capital is held for 12 months. This is known as the “Substantial Shareholdings Exemption”. For disposals on or after April 1, 2017, the rules were relaxed: the company making the disposal need not be a trading company, and the holding requirement can be met if 10% was held for any 12-month period within six years before disposal.

Transfer pricing

UK transfer pricing laws apply to both intra-UK and cross-border transactions, affecting individuals, partnerships, and corporations. These laws ensure that transactions between connected parties are at arm’s length to prevent tax advantages from manipulated terms. The UK follows OECD guidelines for determining arm’s length prices. Companies must self-assess transfer pricing adjustments and maintain documentation. Penalties apply for non-compliance, including up to £3,000 for incorrect returns and up to 100% of unpaid tax.

Smaller groups (with turnover or assets under €10 million and fewer than 50 employees) are exempt from these rules. Medium-sized groups (fewer than 250 employees, turnover under €50 million, or assets under €43 million) must keep transaction records. HMRC adjusts profits only if there is significant tax loss due to manipulation.

Summary

Doing business in the UK involves understanding various tax obligations. UK resident companies are taxed on global income and gains, while non-UK resident companies are taxed on UK-derived income. Detailed self-assessment, documentation, and adherence to transfer pricing regulations are essential. Corporation tax rates vary based on profit levels, with additional taxes like digital services tax and capital gains tax impacting specific activities. Specific rules apply to non-resident landlords and share disposals, making compliance and strategic tax planning crucial for businesses operating in the UK.

VAT

VAT is a significant aspect of the UK's tax system, and its implications extend beyond domestic companies. Overseas businesses engaging in trade within the UK are also subject to VAT regulations, which have undergone notable changes in the past year. These amendments are crucial for foreign companies to understand, as non-compliance can result in financial penalties and operational disruptions.

Overview of VAT

VAT is a consumption tax levied on the value added to goods and services at each stage of production or distribution. The standard VAT rate in the UK is 20%, though reduced rates and exemptions apply to certain goods and services. While VAT is ultimately borne by the end consumer, businesses play a critical role in collecting and remitting this tax to HMRC.

For overseas companies, the VAT landscape can be complex, especially when navigating cross-border transactions. Whether a foreign company is selling directly to consumers (B2C) or engaging in business-to-business (B2B) transactions, understanding VAT obligations is essential to avoid compliance issues.

Recent VAT amendments

The last year has seen several important VAT amendments that have implications for overseas companies trading in the UK. These changes reflect the UK's evolving economic environment, particularly in the post-Brexit context, and aim to streamline tax collection and combat fraud.

One Stop Shop (OSS) and Import One Stop Shop (IOSS): One of the most significant changes has been the introduction of the OSS and IOSS schemes, which took effect in July 2021. These schemes are designed to simplify VAT obligations for businesses selling goods to consumers across the EU. Although the UK is no longer part of the EU, these schemes are still relevant for UK businesses and overseas companies selling to UK consumers. Businesses trading with Northern Ireland consumers are also caught by this system.

Under the OSS scheme, businesses can report and pay VAT on all B2C sales across the EU through a single VAT return in one EU member state. The IOSS scheme, on the other hand, applies to imports of low-value goods (below €150) into the EU. While the UK has its own version of these rules post-Brexit, the principle aims remains similar: making VAT compliance easier and reducing the burden of multiple VAT registrations.

Post-Brexit VAT on online marketplaces: Post-Brexit, the UK introduced specific VAT rules targeting online marketplaces (OMPs) like Amazon and eBay. From January 1, 2021, OMPs are responsible for collecting and accounting for VAT on sales of goods by non-UK businesses to UK consumers. This change aims to level the playing field for UK businesses and ensure that VAT is paid on all sales, regardless of the seller's location.

For overseas companies, this means that if they sell goods via an OMP, the marketplace itself will may handle the VAT, depending where the goods are located at the point of sale and the value (under €150), simplifying compliance but potentially affecting pricing strategies. However, if the company sells directly to UK consumers without using an OMP sells goods located in the UK via an online marketplace at the point of sale or are over €150 in value, they must register for UK VAT and handle the tax obligations themselves.

It is worth noting that similar rules for goods apply in the EU and there are sometimes online marketplace rules for the supply of services to consumers in both the UK and EU.

VAT reverse charge for construction services: Another significant change is the introduction of the VAT reverse charge for certain construction services. Although primarily affecting domestic businesses, overseas companies providing construction services in the UK need to be aware of this amendment. The reverse charge mechanism means that the customer, rather than the supplier, accounts for VAT. This change is aimed at combating VAT fraud in the construction sector, but it adds an extra layer of complexity for foreign businesses operating in this industry.

VAT reverse charge on other supplies: There is a domestic reverse charge similar to the construction industry on the sales of mobile phones and computer chips, wholesale telephone services, carbon emissions allowances, renewable energy certificates, and wholesale supplies of gas and electricity. This means that any one registered for VAT in the UK.

VAT reverse charge on services supplied by an overseas business to a VAT registered business in the UK: If an overseas business supplies land related services, admissions to events, long term car hire or services performed on goods located in the UK to a UK established business, a reverse charge applies and VAT registration is only required for services that are not B2B.

Services caught by "use and enjoyment" rules: Certain services supplied by an overseas business that may appear to be supplied to a customer outside the UK that are used in the UK are taxed in the UK and VAT registration is required. These include:

- The letting on hire of goods (including means of transport) – B2B and B2C
- Electronically supplied services -B2B only
- Telecommunications services - B2B only
- Repairs to goods under an insurance claim B2B only
- Radio and television broadcasting services – B2B and B2C

It is worth noting that each EU member state operates "use and enjoyment" rules but for different services

Digital Services and VAT MOSS Scheme: For companies providing digital services to UK consumers, changes to the VAT Mini One Stop Shop (MOSS) scheme are also relevant. After Brexit, the UK introduced its version of the VAT MOSSremoved the VAT Mini One Stop Shop scheme (MOSS), which appliesd to digital services as well as broadcasting and telephone services provided to non-business customers. Companies outside the UK must now register for UK VAT if they supply digital services to UK consumers, even if their turnover is below the usual registration threshold.

Impact on Overseas Companies

These VAT amendments have several implications for overseas companies doing business in the UK. They may need to register for UK VAT, even for low-value transactions, which could increase the administrative burden on foreign companies. Additionally, the responsibility placed on online marketplaces to handle VAT can affect pricing structures and profit margins for overseas sellers.

Moreover, the changes reflect the UK's commitment to tightening VAT rules and closing loopholes that could lead to tax evasion or avoidance. Overseas companies must stay informed and adapt to these changes to ensure compliance and avoid penalties. This might involve revising pricing strategies, updating systems to handle UK VAT requirements, or seeking professional advice to navigate the complex VAT landscape.

In conclusion, the recent VAT amendments in the UK signify a more rigorous tax environment for overseas companies. By understanding and adapting to these changes, foreign businesses can continue to operate smoothly in the UK market, maintaining compliance and minimizing potential risks.

Customs

The UK's departure from the European Union has led to significant changes in customs rules, affecting trade, environmental taxes, and residency-related processes. Businesses and individuals must navigate these new regulations, which encompass everything from trade with the EU to specific taxation on plastic packaging and carbon emissions.

New customs rules for trade with the EU

The UK and the EU's post-Brexit trade relationship is now governed by the Trade and Cooperation Agreement (TCA). This agreement introduces new customs declarations and checks on goods moving between the UK and the EU. While tariffs are not generally applied to goods arriving in the UK from the EEU or GB goods arriving in the EU under the TCA, businesses must comply with rules of origin to ensure goods qualify for tariff-free access. Moreover, from April 2024, the UK will implement additional border controls, including sanitary and phytosanitary checks on medium-risk animal products, plants, and high-risk food of non-animal origin imported from the EU. These measures are part of the UK's Border Target Operating Model (BTOM), which aims to protect the UK from biosecurity risks while facilitating trade.

The phased implementation of these controls has raised concerns among industry groups. The Cold Chain Federation, for example, has highlighted potential disruptions to the food supply chain and increased costs, particularly for perishable goods that may face delays at the border. In response to these concerns, the UK government has committed to a "pragmatic approach" to minimize disruption during the implementation of the new checks.

The UK Carrier Scheme

Another key change in the UK's post-Brexit customs landscape is the introduction of the UK Carrier Scheme. This scheme mandates that all carriers (e.g., freight operators, airlines, and shipping companies) moving goods between the UK and the Northern Ireland (NI) must ensure compliance with new customs requirements. The scheme requires carriers to submit information for goods before they arrive in NI. Failure to comply with these requirements can result in significant duty, fines and delays, placing the responsibility on carriers to ensure that all necessary documentation is in place before goods cross the border.

UK Internal Market Scheme

For goods moving to Northern Ireland after 30 September 2024, either the supplier in the UK or thee customer in Northen Ireland must be registered for the UK Internal Market Schme (UKIMS) in order to avoid duty being paid on goods that are at risk of movement into the EU. UKIMS registered goods can enter NI via a virtual green lane and be cleared quickly for onward distribution in NI.

Plastic Packaging Tax

The UK has also introduced a Plastic Packaging Tax (PPT) aimed at reducing plastic waste and encouraging the use of recycled materials. This tax applies to businesses that produce or import plastic packaging containing less than 30% recycled plastic. Companies affected by the PPT must register with HMRC if they produce or import more than 10 tonnes of plastic packaging annually. The tax is set at £200 per tonne of non-compliant packaging.

Businesses must also maintain detailed records to demonstrate compliance with the tax. These records include information on the amount of plastic packaging produced or imported, the percentage of recycled plastic used, and any exemptions claimed. The introduction of the PPT underscores the UK government's commitment to environmental sustainability, but it also adds another layer of regulatory compliance for businesses involved in packaging production or importation.

UK Carbon Border Adjustment Mechanism

The UK's Carbon Border Adjustment Mechanism (CBAM) is another significant development in customs and environmental regulation. The CBAM is designed to prevent carbon leakage by imposing a carbon price on imports of certain goods, such as steel, cement, and aluminium, that do not meet the UK's environmental standards. This mechanism ensures that UK producers, who are subject to strict carbon regulations, are not undercut by cheaper, carbon-intensive imports.

The CBAM will be phased in over several years, with full implementation expected by 2026. Initially, importers will need to report the carbon content of their goods, and from 2026, they will be required to purchase carbon certificates corresponding to the emissions associated with their imports. The CBAM aligns with the UK's broader strategy to achieve net-zero emissions by 2050, but it also presents challenges for businesses, particularly those with complex supply chains that may struggle to accurately assess and report the carbon content of their products.

It is worth noting that the EU has a CBAM regime as well, which is more complicated than the one proposed by the UK.

Extended Producer Responsibility (EPR)

Importers of goods are liable for the lifetime of the packaging and will be taxed on the amount and type of packaging involved. This is also being phased in but taxes will start in 2025.

Authorisations to place goods on the UK market

Certain goods will need to be authorised before they can be sold in the UK. These include:

- Chemicals
- Medicines (human and veterinary)
- Vehicles
- Aerospace equipment
- Medical devices
- Construction products
- Marine equipment
- Rail products
- Cableways
- Transportable pressure equipment
- Unmanned aircraft systems (including drones)
- Hazardous substances
- Eco-design products
- Civil explosives (e.g. fireworks)
- Cosmetics
- Tobacco products
- Fertilisers

Safety and food labelling

Importers of human foods need to have a UK representative to be registered and displayed on the food label. In addition, the organic certification for food also requires a UK representative. Other goods require conformity to the UKCA safety mark - this includes a requirement for a UK representative - such as:

- Toys
- Pyrotechnics
- Recreational craft and personal watercraft
- Simple pressure vessels
- Electromagnetic compatibility
- Non-automatic weighing instruments
- Measuring instruments
- Measuring container bottles
- Lifts
- Equipment for potentially explosive atmospheres (UKEX)
- Radio equipment
- Pressure equipment
- Personal protective equipment (PPE)
- Gas appliances
- Machinery
- Equipment for use outdoors
- Aerosol dispensers
- Low voltage electrical equipment

Transfer of Residence Relief (ToR1)

For individuals moving to the UK, the Transfer of Residence (ToR) relief allows for the importation of personal belongings without paying customs duty or VAT. To qualify for ToR relief, individuals must have lived outside the UK for at least 12 consecutive months and intend to live in the UK. The application process for ToR relief requires the submission of a ToR1 form, which provides details of the applicant's previous residence, the goods being imported, and the date of arrival in the UK.

This relief is particularly relevant for UK nationals returning from the EU after Brexit, as it helps to ease the financial burden of relocating by allowing them to bring personal possessions into the UK duty-free. However, the process is detailed and requires thorough documentation, including proof of residence abroad and an inventory of the goods being imported.

Summary

The UK's new customs rules and associated regulations reflect the country's post-Brexit strategy to balance trade facilitation with environmental protection and economic security. Businesses and individuals must stay informed and compliant with these evolving requirements to avoid penalties and ensure smooth operations. As the UK continues to refine its post-Brexit customs framework, staying updated on these changes will be crucial for anyone involved in UK-EU trade or relocating to the UK.

Buying properties and SDLT

Stamp Duty Land Tax (SDLT) is a tax levied on the purchase of property or land in England and Northern Ireland. The amount of SDLT due depends on the property's purchase price, with different rates applying to different price bands. Residential properties and non-residential or mixed-use properties are subject to different rates and thresholds.

Companies starting business in the UK that acquire property for operational purposes must account for SDLT in their financial planning. For example, purchasing commercial premises can trigger SDLT liabilities, impacting cash flow and initial setup costs. Companies may also be affected by higher rates if they purchase additional properties or if their acquisitions fall into higher price bands. It is crucial for businesses to understand SDLT implications to manage costs effectively and ensure compliance with tax regulations.

Across the whole of the UK, residential rates may be increased by 3% (4% in Wales and 6% in Scotland) where further residential properties are acquired.

Land and buildings in England and N. Ireland:

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 250,000	0	0 - 150,000	0
250,001 - 925,000	5	150,001 - 250,000	2
925,001 - 1,500,000	10	Over 250,000	5
Over 1,500,000	12		

First-Time Buyer relief may apply to residential purchases up to £625,000.*
*The residential property rules are scheduled to change from 1 April 2025.

Land and buildings in Scotland:

Residential Band £	**Rate %**	**Non-residential Band £**	**Rate %**
0 - 145,000	**0**	**0 - 150,000**	**0**
145,001 - 250,000	**2**	**150,001 - 250,000**	**1**
250,001 - 325,000	**5**	**250,000**	**5**
325,001 - 750,000	**10**	**Over 250,000**	
Over 750,000	**12**		

First-Time Buyer relief may apply on the first £175,000 of residential purchases.

Land and buildings in Wales:

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 225,000	0	0 - 225,000	0
225,001 - 400,000	6	225,001 - 250,000	1
400,001 - 750,000	7.5	250001 - 1,000,000	5
750,001 - 1,500,000	10	Over 1,000,000	6
Over 1,500,000	12		

How we help

VAT and indirect taxes

Our VAT team have a deep understanding of the rules and how to apply them in areas such as land and property, international trade, business acquisitions and disposals. We provide reassurance that your VAT position is accurate and offer you simple and cost efficient solutions to your VAT issues.

Customs & excise

Following the UKs departure from the EU, we set up the first customs service specifically designed for SMEs. The new customs regime meant an increase in the number of declarations businesses needed to provide, leaving them facing a complex and confusing process.

Our experienced customs team offers a comprehensive and holistic service, providing solutions and optimising your arrangements, making sure that your goods have the correct classifications so that you pay the right amount of VAT & duties.

We also provide you with all of the declaration documentation, which is not routinely provided by freight forwarders. This means that you have the evidence you need to respond to any challenges by HMRC.

Corporate tax

We provide a cost-effective and high-quality business and personal tax compliance service. Our business and personal tax experts work together to ensure you are maximising tax-saving opportunities.

There are many ways to minimise business tax quite legitimately, however, we always take a holistic rather than piecemeal approach to tax advice. Our tax experts work closely with you to understand your business and personal goals.

Whether you are seeking the best remuneration route or tax-efficient company cars and benefits, looking to buy a property or raise finance for growth, or wish to claim Research & Development credits or Capital Allowances, we will continually assess the wider tax, VAT, and indirect tax implications when advising you.

Outsourcing

When you need more than just a bookkeeping service and need someone to manage your whole finance function, we can help.

Our friendly and efficient outsourcing team takes care of invoices, payments, VAT returns and manages your bank account. As experienced finance professionals, they provide you with the management information, support and day to day advice you need to run a successful business.

Think of us as an extension of your team, working for you as part of your business.

Key team members

Ruth Corkin

Principal - VAT and Indirect Tax Expert

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Ruth has been involved with VAT and Indirect Taxes for over 30 years. She started her career as a Customs and Excise Officer with HM Revenue and Customs before moving into consultancy with a number of accounting firms including PwC, Mazars and Grant Thornton before joining Hillier Hopkins. She is well known among VAT specialists in the UK, Europe and beyond and the author of many articles and technical works.

Ruth is currently the Technical Chair of the (UK) VAT Practitioners Group and, as part of that role, she sits on numerous committees with HMRC representatives at a high level, including the one for the implementation of "Making Tax Digital" relating to VAT. These committees provide a useful forum for learning about legislative and policy issues and changes. She is also responsible for the technical output for the VPG, including consultation responses and was instrumental in ensuring that HMRC did not change its policy on the recovery of VAT on goods and services purchased prior to registration.

Ruth is also a member of the ICAEW Tax Faculty VAT and Duties sub-committee and represents that group at the HMRC Finance Liaison Group meetings, where issues relating to financial services and insurance are aired and discussed.

More recently, Ruth was seconded part-time to the Office of Tax Simplification, where she worked on the VAT Review Project. The project looked at ways of simplifying the VAT rules and the report was published in early November. Several of the recommendations that Ruth made are currently being worked on by the OTS.

She was also responsible for the national training for VAT staff at manager level and below at Grant Thornton UK LLP. In the past, she has
presented educational seminars for one of the leading VAT training providers. The focus of these was on international VAT, both from a UK perspective and from the standpoint of setting up in other EU Member States, namely Ireland, The Netherlands, France and Germany.

Ruth's current and former clients include Volkswagen Audi Group, Velcro, Verizon, Icelandair, Axa Properties and Estée Lauder.

Ravi Juthani
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After entering the accounting world in 2013, Ravi first qualified as an accountant before specialising in tax as a chartered tax advisor. Ravi now specialises in advising a wide range of clients with complex tax issues, with a particular focus on international tax and mergers and acquisitions.

Ravi's M&A expertise includes due diligence, compliance checks and tax efficient structuring. He also works with international companies to minimise global tax exposure and optimise transfer pricing arrangements.