

## FAQ - Company Formation In London, UK

### Country – England

#### Point

1. Advantage of Business set up in UK
2. Preferred Business Destination
3. Type of Business Entity
4. Advantage of having Limited Company in England
5. Minimum requirements for registration of a UK company
6. Foreign Company Registration Options
7. Business trade License & Banking
8. Income Tax, dividend, other Taxes & annual filing
9. Documents Required For Company Incorporation
10. Company registration procedure and timeline

### 1. Advantages of Setting up Business in England

- Well planned and developed economy
- Part of fast growing EU economy
- Strong and well balance country with business growth
- Well developed banking and financial hub
- Secured and safe business environment
- Basic business rule and policy in line with international business standard
- Well developed infrastructure, port, transport facility
- Entrepreneur Business Visa Available
- Well cultured and educated work force
- Well connected with American, Europe, Far East and Asian Market
- Major hub for Investment banker and Industry house

### 2. Preferred Business Destination

As per the business study and Government data, major businesses in England are:

- Trading hub – FMCG, Technology & Engineering products, Commodities, Power, Oil and Gas
- Investment banker, Assets Management Companies & Private Equity & Hedge Funds
- International banking and financial Hub
- International trading house, investment, tourism, branding and Education
- Major Trade with USA, Far east and EU Countries
- Suitable to Trade in EU nations, Africa and Eastern Europe

### 3. Type of Business entity

- Limited Liability Company - Private Limited Company
- Partnership Firm – General and Limited Partners
- Limited Liability Partnership Firm - LLP

#### Limited Company

We generally recommend a Private limited Company for business in the UK. It is also commonly known as Private Limited Company which has a separate legal entity. According to the Companies Act, any person (foreign or local) above the age of 18 can register a private Limited Company in the UK. Further they may have a right to work in the UK, preferably through the Entrepreneurial visa for setting up a business set up.

### Major benefits of Limited Company

- It has separate Legal entity in law
- Shareholders are not liable for company's debts beyond their own share capital
- Minimum One Shareholder and director required to form company

The Registrar of Companies controls the registration of business firms and incorporation of companies. However, the nature of the actual business activity could be subjected to control and regulation by other Government authorities.

### Partnership Firm

This business unit is like Proprietorship firm in term of liability and risk. When two or more persons joined to carry out specific business, they form partnership firm. Generally the firm is form for limited business activity, advisory, consultancy, service and profession.

### There are three type of Partnership Firm

#### Limited Liability Partnership Firm

This nature of business has an advantage of partnership firm and private limited company. A LLP is primarily meant for carrying a **profession** like accountants, lawyers, architects, etc. where two or more professionals would like to start and build a joint practice in a common field. The partners enter into detailed agreements about share of responsibility, share of profit and management responsibilities.

## 4. Advantages of having Limited Company in the United Kingdom.

- 100 % ownership allowed in Limited Company by Foreigners.
- No Local – UK Resident Shareholder and Director required.
- No Personal Visit for company formations
- Any individual or corporate body (local or overseas) may incorporate a UK company.
- Easy to form and obtain Tax Registration \ VAT \ Business trade license.
- Minimum One director required to form company and can have more if required
- One Local Director required for banking and to manage the company.
- Nominee director can be provided by us if required.
- No major restrictions on the type of business activities that a company can engage in.
- No special approvals are required by foreigner means they are at par with locals.
- No Restriction or obligation for local employment of work force.
- The minimum issued capital is one share of par £1.00
- Company can issue Ordinary shares, preference shares, redeemable shares and shares with or without voting rights.
- Local Registered office and company secretary required – provided by us.

To Form the company in the UK, you need to appoint professional firm for assistance and complete the formalities of formation of company. We shall provide the same.

## 5. Minimum requirements for registration of a UK company

- **One Shareholder either individuals \ Limited entity**
  - **Know Your Customers - KYC Norms** For non-residents individual: Copy of passport, overseas residential address proof, and other KYC information such as a bank reference letter ( optional ) , personal and business profile, etc.
  - If the shareholder is a corporate entity: Copy of registration documents such as Certificate of Incorporation and Memorandum & Articles of Association and Board Resolution.
- **One Director having passport and residential address proof**
  - The minimum number of directors is one, who may be a natural person or a body corporate. Directors may be of any nationality, and need not be resident in the UK. Corporate directors are permitted.
- **Local Director - optional**
  - No local director required to form the company
  - Nominee local director will be provided if required
- **Registered office in the UK**

Company will need to have a registered office in the UK. We shall provide the registered office address. Post Box No. is not allowed to utilize as registered office.
- **Qualified Company Secretary**

Under Companies Act, a Company secretary is no longer needed. Our office will prepare and submit all the necessary secretarial documents each year.

### Shareholder and Director can be same person

Upon receipt of the signed incorporation and supporting documents from you, we will proceed to incorporate the company with Registry of Companies, UK

## 6. Foreign Company Registration Options

Foreign companies wishing to setup a presence in the UK, have the choice of setting up a branch office, subsidiary, or a representative office in the UK

- **Private Limited Company** - A company formed by individual shareholder and director of the company. It shall have independent identity in company law.
- **Subsidiary Company** - A subsidiary company is a private limited company incorporated in the UK with the parent company as its shareholder. For small to mid-size foreign businesses, a subsidiary company is the most preferred choice of registration in the UK
- **Branch Office** - A branch office is registered in the UK as an extension of its parent company and not as a separately incorporated entity. The liabilities of a branch office extend to its parent company.

- **Representative Office** - A representative office is registered in the UK as a temporary arrangement for conducting marketing research activities. A representative office does not have any legal status and cannot be engaged in any profit yielding activities. We can provide the representative office facilities.

## 7. Business trade License & Banking

A UK Company has all the powers of a natural person. The shareholders have options to apply for an Entrepreneur \ business Visa to set up a business in the UK. With this visa, the company can do business in trading, consultancy, marketing and liaison work, commission agent, sourcing agent and other major business as permissible under law.

The nature of the actual business activity could be subjected to control and regulation by other Government authorities. Cannot undertake banking or insurance activities or solicit funds from or sell its shares to the Public.

Depending on your company's business activities, you may need to obtain one or more business licenses after you have incorporated your company but before you can commence your business operations. Fortunately, very few business activities require such a license.

### Bank account opening

After successful registration of your Company, you can open a corporate bank account in any of the major banks in the UK. Many of the banks in the UK, these days, require physical presence of the company principals as part of the account opening procedure.

If you are able to visit the UK you have a wider choice of banks to choose from. In this case, you can explore the features and facilities provided by different banks and decide on the bank that best suits your needs.

While opening the bank account, clients should bring the following documents

- Original Passport & residence address proof of director & Shareholder
- Original UK company formation documents
- Business profile of director & shareholder and Home country bank statement

## 8. Income Tax and other taxes

The Income Tax rates vary with the level of income earned during the year. Income Tax Rates vary from 20% to 40% to 50% according to slab of income.

Corporate Income Tax is 20 %.

VAT is generally 20 % and 5 % on household consumption and necessary items.

## Other Income

### Capital Gain

For basic rate tax payers, the Capital gain is 18%, for higher rate tax payers, the Capital Gains Tax is 28%. Each individual gets a Capital gains Tax allowance of £11,000 per year.

### Dividend

UK dividends carry a withholding tax of 10% on dividends.

Please visit relevant website for detail information. [www.gov.uk](http://www.gov.uk) & [www.online.hmrc.gov.uk](http://www.online.hmrc.gov.uk)

## Other Information

### Annual filing requirements for UK companies

Once your UK Company has been incorporated, the Companies Act dictates certain annual filing requirements and formalities.

The company law requires that each company formed in the UK must file its audited/unaudited accounts with H M Revenue & Customs and Companies House on an annual basis. Filing is mandatory even when the company has not done any business. We shall provide service for the same.

***For More detail please visit website of Company House of UK. [www.gov.uk](http://www.gov.uk)***

## 9. Documents Required For Company Incorporation

Following documents required for company formation

- Copy of passport ; and
- Copy of residential address proof such as a recent utility bill, residential phone bill
- Business Profile and KYC documents of share holder and Director

For Corporate Bodies – shareholders & Nominee Director

- Copy of company registration documents such as Certificate of Incorporation and Memorandum & Articles of Association of parent company and
- Board Resolution for investment with proposed business plan

### Please note the following:

- All documents must be in English or officially translated in English;
- All copies of documents must be certified true copies by a notary public or self certifying or you must bring the originals to our office for sighting;

- If you are overseas, you can email us the scanned copies of documents so we can proceed with preparing the necessary incorporation documents. However we must receive the certified true copies (or sight the originals at our office) before we can incorporate the company.
- Our compliance department may ask for additional information if necessary.

## **10. Company registration procedure and timeline**

Company registration procedure in the UK is fully computerized by the UK Registrar of Companies. As a result, the incorporation process is quick and efficient. Under normal circumstance, the company can be incorporated in 3 working days.

There are two distinct steps involved in the UK company setup procedure:

a) Company Name Approval and; b) Company Registration. Both steps can be accomplished on the same day assuming there are no delays caused by Company Registrar.

### **Details of directors and shareholders public information in the UK**

Directors and shareholders information is public information in the UK. It's listed in the company's business profile extract available for purchase from Registrar of Companies.