

BUSINESS GUIDE: SETTING UP IN THE UK

REGISTERING WITH HMRC

- ✓ CORPORATION TAX
- ✓ VAT
- ✓ PAYE (EMPLOYMENT TAXES)

This business guide is brought to you by the Swedish Chamber of Commerce for the UK in partnership with SCC member firm Entreprenör. This information is for guidance purposes only and should not be regarded as a substitute for taking legal advice.

REGISTERING WITH HMRC

Her Majesty's Revenue and Customs, HMRC, is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support and the administration of other regulatory regimes. This guide will lead you through the vital considerations when registering your company with HMRC, including those regarding corporation tax, registering for and paying VAT, and registering your company as an employer.

This guide will lead you through the vital considerations when registering your company with HMRC.

CORPORATION TAX



VAT



PAYE
(EMPLOYMENT TAXES)





CORPORATION TAX

HMRC is automatically informed about all new company registrations and will confirm your Corporation Tax number. Thereafter it must be confirmed as to whether the company is trading or dormant.

Failure to advise HMRC of dormant status will result in regular tax declarations. If you are non-resident company setting up a UK establishment (branch) there is a requirement to register within 3 months of the date you become chargeable for UK Corporation Tax.



Corporation Tax rate: **19%**



Corporation Tax must be paid by the deadline, usually **9 months and 1 day** after the end of the company's accounting period.





VAT

An indirect tax applied to all business-to-business (B2B) and business-to-consumer (B2C) sales. The amount of VAT charged will vary depending on:

- ✓ Type of business receiving the goods/service
- ✓ Origin and destination countries of the goods/service
- ✓ Type of goods and services being sold

VAT REGISTRATION CERTIFICATE

A VAT registration certificate will confirm the following:

- ✓ VAT number
- ✓ Timings to submit VAT returns and payment
- ✓ 'Effective date of registration'



VAT RATES

20%	Most goods/services
5%	Some goods/services
0%	Zero-rated goods/services

REGISTERING FOR VAT

VAT is chargeable if the company is making supplies (sales) above a certain threshold (currently £85,000 pa). Voluntary registration is possible if you are below the threshold, and usually advisable for subsidiary type companies to register. Otherwise the company cannot make any reclaims. VAT can also be reclaimed on certain purchases made before being registered. If you register late, any amounts owed from when registration was required must be paid, and penalties may apply.

CHARGING VAT ON INVOICES

The company cannot charge or show VAT on invoices until a VAT number is issued and the invoice must state that VAT registration is pending. There are two options when issuing invoices:

- ✓ To avoid customers being undercharged, you increase your prices to allow for the VAT. Once registered, replacement invoices outlining the VAT portion must be issued to the customers.
- ✓ Issue the invoice without any VAT. Once the VAT number is received, then issue another invoice for the VAT element only.



VAT FOLLOWING BREXIT

The UK is currently part of the EU VAT area. If you supply services to a business customer in the EU, you don't need to charge VAT (subject to different rules for some services). Domestic VAT rules remain the same following Brexit. However, how VAT is charged when importing and exporting to the EU will change. At the end of the transition period (31 December 2020), a new model for the VAT treatment of goods arriving from outside of the UK is to be introduced, or if a no-deal Brexit scenario occurs, adjustments will have to be made. You will need a UK EORI number to export goods out of the UK. The following are the current scenarios:



GOODS

A UK VAT-registered business:

- ✓ Sells goods to a VAT-registered business in another country, they zero-rate the sale; for both EU and non-EU countries. However, for a B2B sale to a VAT-registered business in another EU country, the seller must notify the customer that they are responsible for accounting for and paying the VAT using the 'reverse charge' rules.
- ✓ Is sold VAT-eligible goods by a VAT-registered business in an EU country. The UK business accounts for the VAT using the UK's rate under the 'reverse charge' rules.
- ✓ Sells goods to consumers/non-VAT-registered businesses (distance selling), the UK VAT rate is applied, although each EU country has a threshold for individual and combined sales that, once passed, means the UK business must register for VAT in that country.



SERVICES

Place of supply rules apply, therefore account for the rate of VAT of the EU country where the business resides. Supplying services may require VAT registration within each country in which they are supplied.





PAYE (EMPLOYMENT TAXES)

A company must register with HMRC as an employer the moment it hires the first employee. Registration should be done before the business makes its first payments, and advisable to do it in advance as getting the PAYE reference can take a while. If the company has foreign resident directors it is required to contact HMRC directly, otherwise there is an online application option.

The registration process requires all employee details as well as those of the business. It is only after registration that the company can create a payroll system, prepare returns, pay the HMRC, and pay the employees.



SWEDISH CHAMBER OF
COMMERCE FOR THE UK

WE HELP BUSINESSES TO ESTABLISH, GROW AND DEVELOP

The Swedish Chamber of Commerce for the United Kingdom – a not for profit organisation – is the ultimate platform for entrepreneurs and businesses within the Swedish-British business community. Founded in 1906 – by business and for business – we have represented, inspired and promoted our members, extended commercial relations between our countries, and delivered first-class services and events for over a century.

We serve a broad and diverse network of businesses – from entrepreneurs and start-ups to large corporates, and passionately aspire to provide the most relevant and valuable services. We support businesses throughout their life cycle, whether they are expanding into the UK, developing their business or wanting to connect more widely within the community.

CONTACT



Anna Crona
Business Services Manager
crona@scc.org.uk
+44 (0)20 7224 8001
www.scc.org.uk

entreprenör
your one-stop solution

ABOUT ENTREPRENÖR

Entreprenör provides a one-stop solution when entering into the UK market, covering all aspects from the legal framework, finance function, people management and virtual presence. Our mission is to ensure that Swedish owned companies are able to focus on their UK growth and strategy and do not get bogged down on operational matters. Our team provides the required operational support, thereby eliminating the need to hire your own local resources.

“As we have grown our business and employed more people, entreprenör have always been there supporting us through the whole process. The ease working with entreprenör has given me time to focus on our core business and knowing you have someone taking care of the rest is a great relief. I feel 100% trust in their work and would gladly recommend them.”

Lintex AB – Anders Abelin UK Director

CONTACT



Svend Littauer
Founder and Managing Director
svend@entreprenor.uk
+44 (0)207 207 8515
www.entreprenor.uk/our-team