

10 Questions to Consider Before Entering the U.K.



Considering venturing into the U.K marketplace? Unsure of how or where to start? If you answered yes to either of these questions, you are not alone. In a rush to get their products/services introduced to a new market, many business owners often overlook key issues that can end up causing problems down the road. To help shed light on these potential pitfalls, Cohen & Company has created our top 10 list of things to consider when preparing to do business in the U.K. Evaluating these key points could very well save you from future expenses and headaches.

1. Have you done your market research homework?

Even though the U.K. has about 64 million people, it is a fairly small island to the west of mainland Europe, which could be used as your springboard to mainland Europe. However, you need to ensure your product is suitable to a specific country as European countries are very diverse.

2. What should be the legal structure of my U.K. operation?

There are several legal entities through which to do business, e.g., branch, private limited company, and a partnership. Each has its own unique advantages/disadvantages.

3. How do I finance my U.K. operations?

There are numerous options including loans from U.K. banks or your parent company, forming a joint venture with a U.K. company, or finding a venture capital/private equity fund to invest in your operation.

4. How can I protect my intellectual property rights?

In today's world, protection of IP rights is crucial. You should contact a U.K. IP lawyer before you market/distribute your product in case you need to file for patent protection. In addition, the U.K. falls under the European Union guise, so it's important that any patents be effective and defensible on the European mainland.

5. What local laws will affect my business?

It is critical that you hire local counsel to discuss labor, contract, and business issues at an early stage to ensure that there is minimum exposure to the business. Please note that employees have more statutory rights than in a country such as the U.S., therefore it is very important that employment agreements are drafted well in the event you terminate an employee without substantial compensatory issues.

6. What types of employee benefit issues should I be thinking about?

The U.K. has a national health care system, so all employees are covered at no cost to the employer. However, you might consider offering a private medical plan, which employees can buy into or establish a retirement plan where the company and the employee can contribute.

7. What taxes will my business be subject to?

Depending on the type of entity you choose you will be required to pay income/corporation taxes. It's also likely that your business will have to register for VAT and collect, charge and remit VAT to HMRC on a monthly, quarterly or annual basis. Your employees will also be subject to PAYE and National Insurance, which you, the employer, are responsible for.

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8. Do I need to apply for a work visa for my employees?

If you employ U.K. and/or EU citizens you do not have to apply for a work visa for them. However, you may want some of your U.S. employees to help set up operations and instill your business culture. Before landing in the U.K. you should apply for a work visa and contact an immigration lawyer to ensure you cover all your bases.

9. How will I repatriate earnings?

The U.K. does not have strict monetary regulations with respect to sending monies back to the home office. This can be achieved in various forms, i.e., management charges, dividends, royalties, interest etc. but you need to ensure that an appropriate amount is being remitted as the tax authorities have the right to look at any transactions.

10. What one thing do you think is important to succeed in the UK?

You need to have persistence and realize that doing business in the U.K. is not the same as the U.S. There are cultural differences and to be successful you must spend time in the U.K. and realize that the U.S. and U.K. are countries separated by a common language.

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