

Guide to doing business in the UK



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Welcome to the UK

The attraction of doing business in the UK is clear. It offers a robust, business-friendly environment to reliably expand, trade, and invest.

With its wealth of expertise, strong global connections, and convenient time zone, the UK offers an excellent environment for businesses to thrive. In addition, its simple and dependable legal and tax systems, along with the support available from the Government and service providers, makes it easy for businesses to set up quickly and successfully.

Even so, if you're unfamiliar with doing business in the UK, it may be difficult to plan your strategy. That's why we've created this guide. You can use it to understand how to identify and take opportunities, as well as meet regulatory requirements. We'll also explain how our expert teams, in the UK and your home country, can help you realise your ambitions.

We're leading experts in tax, audit, and advisory, with a dedicated international business centre who take the time to understand your business and give you the technical expertise and insight you need to achieve your goals in the UK. We specialise in connecting mid-market companies with the people and experiences they need to operate with confidence.

Melanie Frea

International Business
Centre Director



In the UK



200+
partners



27
offices



5,000+
people

Globally



76,000
our global
network



750
offices in over
150 markets

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UK key facts



Population: the estimated population of the UK is 68.3 million people



Workforce: the UK has a workforce of around 33.1 million people, with an employment rate of 75%



Age distribution: the UK's median age is 40.7 years



Industries: the largest industries in the UK by GVA are real estate, including imputed rent from owner-occupied properties (13.1%), retail and wholesale (9.9%), and manufacturing (9.1%)



Jobs: the largest employment sectors are health and social care (13.5%), retail and wholesale (12.8%), and professional and technical (9.3%)



Immigration: around 6 million people living in the UK have the nationality of a different country



GDP: the UK has an annual GDP of around USD 3.3 trillion



Unemployment: the UK unemployment rate is 4%

Sources: Office for National Statistics; Census 2021 (cited figures include Scotland and Northern Ireland) and other releases. The World Bank.
All information correct November 2024.

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Why do business in the UK?

The UK is a prime destination for businesses looking to grow and expand their international operations. If you set up here, you'll find assets that help you get business done.

Simple systems making business easy

Our business laws, regulatory environment, and taxes are relatively simple. A lot of administration can be done online, making it easy for businesses to get up and running quickly. Tax rules are transparent and competitive, with generous tax relief for innovation. Our corporate tax rate also remains one of the lowest in the G20. Furthermore, the Government is proactive about ensuring a balanced approach to how we regulate business, and committed to helping them hit the ground running, by reducing red tape and offering specialist support. Our transparent, flexible corporate law means you can choose the company structure that suits you best with fair corporate obligations that aren't overly onerous. Our legal framework is free from political influence and emphasises independence and fairness.

Diplomacy and influence

We have a well-established diplomatic presence in most countries in the world and within most global institutions. Many nations have followed practices established in the UK which are viewed as the best in class.

A stream of skills and talent

The UK boasts a wealth of expertise across various industries and fields, with a quality skills-base. A key factor is the number of world-leading universities and educational institutions which have consistently produced exceptional talent as well as undertaking ground-breaking research that can then be commercialised. The UK is also home to many world-leading companies across the a wide range of sectors.

You'll also have access to a large and diverse talent pool. The UK is continuing to invest in training people in the most desirable skills, including practical apprenticeships, training and the academic system. There are also initiatives that make it easier for talented individuals to come and live and work in the UK, for example through the global talent visa scheme.

For more guidance, reach out to:



Duncan Levesley

Director, Public Services Consulting

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English is the international language of business

English is the most widely spoken business language in the world, and with such a diverse population, we're also home to speakers of more than 230 languages. This makes the UK a natural hub for businesses looking to expand internationally.

Central time zone and strong connectivity

The UK's time zone is ideally positioned between Asia, Europe, and the Americas, enabling convenient communication with all three regions. The UK also has excellent connectivity, with high-speed internet and other infrastructure to support businesses of all sizes. We also have extensive transport connections; ensuring we're well positioned for communication and trade with the world.

The UK's position as the sixth-biggest global economy makes it an attractive market in its own right, but it's also a springboard for entering neighbouring markets. Despite leaving the EU our business laws are still fundamentally aligned.

Innovation hub

A new company is formed every minute in the UK¹, and over 90% of these survive their first year².

We have a rich heritage of discovery and continue to invest heavily in an innovation system that turns ideas into incredible commercial success.

The Government has an ambitious roadmap that recognises that research and innovation are central to our wellbeing, economy, and prosperity, and has committed significant additional public investment in research and development to support this.

¹ Companies register activities April 2023 to March 2024, Companies House

² Business demography, UK 2022. Office for National Statistics.



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Overview

Taking advantage of the wonderful opportunities in the UK depends on understanding how to operate successfully in this country.

This guide will show you how to start your early planning and explain how we can help you do it.

- **Accessing government support and services:** getting help from the Department for Business and Trade (DBT) to navigate the investment landscape (page 8).
- **Setting up in the UK:** making sure your business meets its compliance obligations and is ready to do business effectively (page 10).
- **ESG in business:** understand how ESG considerations can help you manage your impact, reduce risks, and maximise opportunities (page 12).
- **Understanding UK business culture:** navigate cultural differences and know what to look out for (page 13).
- **Choosing the right location:** key factors for deciding on a location that makes sense for you and your business (page 15)
- **Building your workforce:** how to build a capable and diverse workforce (page 28)
- **Understanding the tax regime:** how our tax system works and which taxes you'll have to pay for your business and employees, as well as any personal taxation if you live in the country (Page 31).
- **Acquiring a business and accessing finance:** preparing for the next phase of growth (page 37).
- **Financial reporting and the UK regime:** to be successful, it's essential for businesses operating in the UK to follow various regulations and standards to ensure transparency and accountability (page 42).



For more guidance, reach out to:

Melanie Freaan

International Business
Centre Director

“

The UK provides a unique location for international business as it's a leading financial centre, has a globally recognised legal system, provides access to some of the best research in the world and has trade corridors with all the major economies.”

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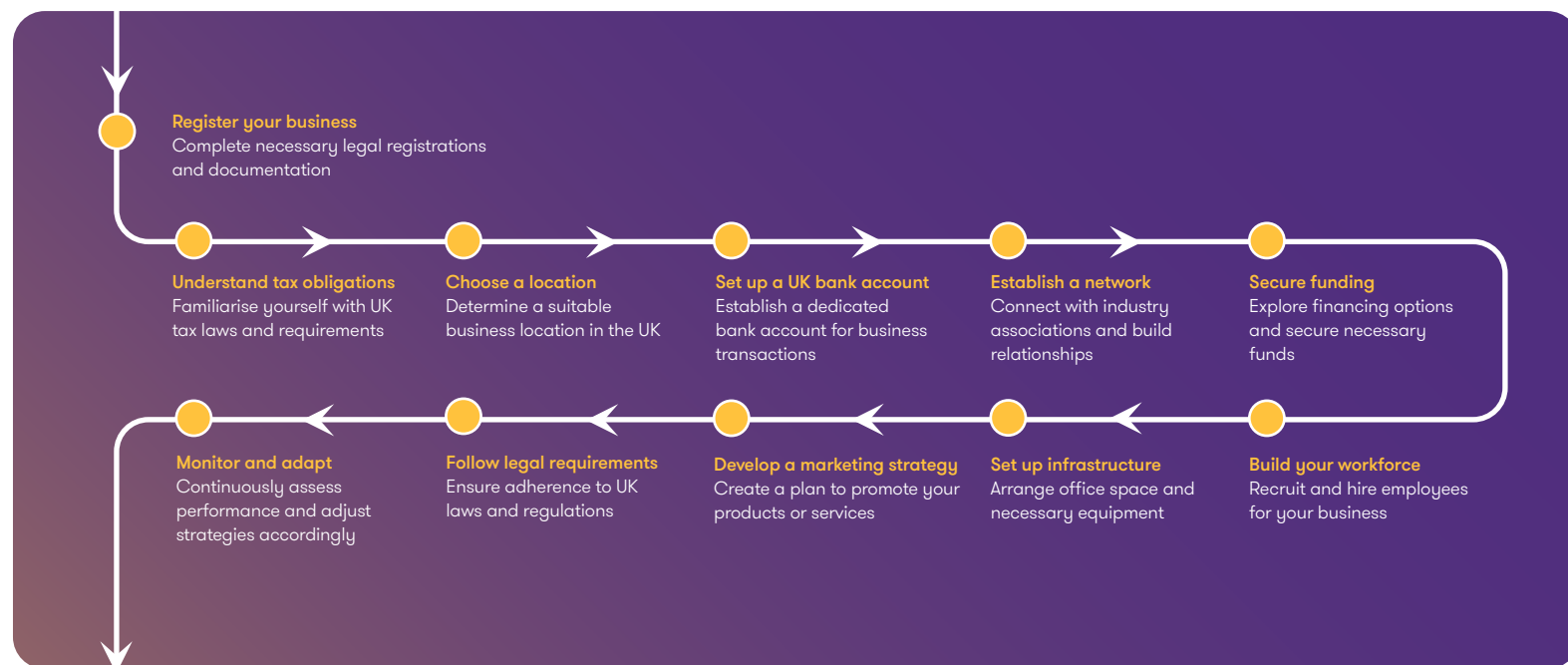
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Pathway to getting started

Unlocking UK markets will enable your business to access our resources and opportunities, but you'll need to understand our regulatory requirements before you get there: from deciding on an entity and structure to choosing a location and opening a bank account.



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Access government support and services

The UK Government provides a range of services for investors looking to set up or expand their business operations in the country.

Support and services available from the UK Government

The government supports international investors to access opportunities to flourish and grow in the UK. The Department for Business and Trade (DBT) plays a vital role in helping businesses and investors navigate the investment landscape. This includes the Office for Investment, a joint initiative with the Prime Minister's Office, to support top-tier investment in the UK. We can help you navigate and optimise the support that's available. This includes:

- Investment advisory services**
 DBT supplies expert advice and guidance to investors, helping them understand the business landscape, market opportunities, and investment incentives available in the UK. They can help with understanding possible locations, sector-specific information, and connecting investors with relevant stakeholders. Their staff in 170 countries can help locally, while further teams in the UK support companies on the ground once they're here.
- UK Investment Support Directory**
 The UK Investment Support Directory is an online platform that provides information on a wide range of UK investment opportunities and support services. You can access regional and sector-specific investment support organisations, including local authorities, trade bodies, and professional services firms.
- Investment showcase events and opportunity listings**
 DBT organises investment showcase events to highlight specific sectors and investment opportunities in the UK. These events bring together investors, government representatives, industry experts, and potential partners, fostering networking and collaboration. They also list current investment opportunities on the great.gov.uk website.
- Global Entrepreneur Programme**
 The Global Entrepreneur Programme is designed to attract high-potential international entrepreneurs to set up innovative businesses in the UK. It offers support and guidance, including visa endorsement for eligible entrepreneurs, access to mentoring networks, and introductions to investors and business networks.

For more guidance, reach out to:



Duncan Levesley

Director, Public Services Consulting



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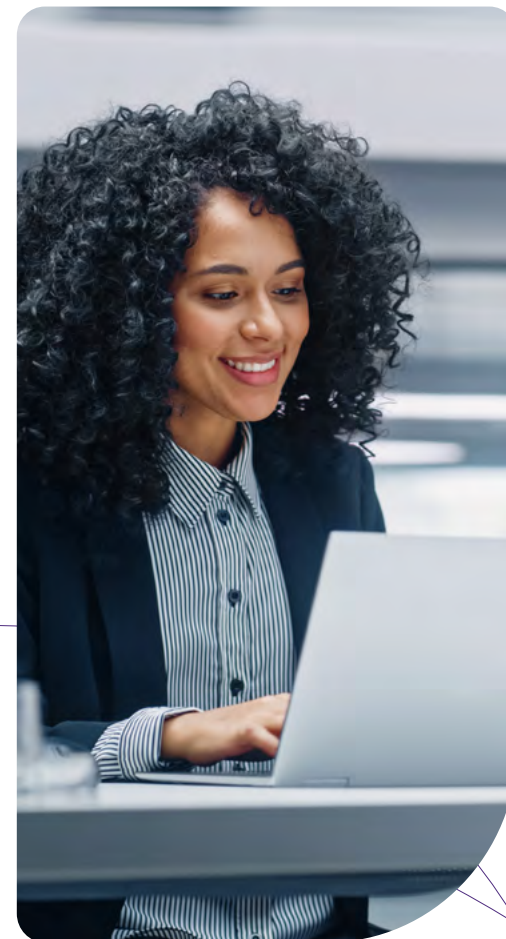
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Sector-specific support

In addition to the general support provided by DBT, specific programmes and initiatives are available for different sectors. The UK Government is committed to nurturing and expanding key industries:

- Technology and innovation**
 The Government offers programmes to support our vibrant tech and innovation ecosystem, from supporting the growth of digital businesses, to the work of Innovate UK, which provides funding and support for innovative projects and businesses.
- Creative industries**
 Our thriving creative sector encompasses film, television, music, design, and more. Support is available through organisations like the British Film Institute (BFI), Creative England, and Creative Industries Federation.
- Advanced manufacturing**
 The UK has a strong tradition in advanced manufacturing, and support is available through initiatives like the High-Value Manufacturing Catapult, which supplies access to expertise, research facilities, and collaborative opportunities.
- Life sciences and healthcare**
 The UK has a renowned life sciences sector, and funding opportunities, research collaborations, and regulatory guidance are available through organisations like the UK Bioindustry Association (BIA) and the Medicines and Healthcare products Regulatory Agency (MHRA).



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Setting up in the UK

Setting up a business in the UK involves making important decisions about the proper legal entity, following legal requirements, and preparing to do business effectively.

Choosing the right entity

We can provide guidance on these options as they have different requirements from a legal, tax and filing perspective, which you should carefully consider.

UK establishment

If your existing company is based outside the country, you can establish a UK branch or place of business. This allows you to operate here while keeping the legal identity of your overseas entity.

Private limited company

A private limited company (Ltd) is the most popular choice for businesses in the UK. It offers limited liability protection to its shareholders and is a separate legal entity from its owners.

Limited liability partnership

A limited liability partnership (LLP) is a hybrid entity that combines elements of a traditional partnership and a limited company. It supplies limited liability protection to its partners.

Setting up your new entity

Once you've decided on the proper legal entity, there are specific steps to follow:

Choosing a corporate name

Select a unique and suitable name for your company, ensuring it follows the guidelines set by Companies House, who hold the UK's register of companies.

Legal requirements

Register your company with Companies House and fulfil the legal requirements, including supplying a registered office address, appointing directors, and company secretary (if needed), and issuing shares.

Duties as a director

Familiarise yourself with the duties and responsibilities of being a director. Understand your obligations under the Companies Act 2006, which governs UK companies' operation and management.

For more guidance, reach out to:



Varun Dewan

Head of Business
Process Outsourcing



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Getting ready to do business

Before starting operations, consider the following aspects to ensure a smooth transition:

Bank account set-up

Open a business bank account in the UK to manage your finances and facilitate transactions.

Business insurances

Assess the insurance needs of your business, such as professional indemnity insurance, public liability insurance, and employer's liability insurance.

Acquiring property

If you need premises for your business, explore options for property acquisition, whether through leasing, renting, or purchasing.

Licences and registrations

Depending on the area of business you operate in, you may be subject to regulation. If so, you'll need to apply for the necessary licences and permissions for the regulatory body. We can either assist with these or make introductions to other specialist firms to help you.

Exchange control

Familiarise yourself with any exchange control regulations that may apply to your business activities, mainly if you engage in international transactions.

Customs and international trade

Understand the customs procedures and regulations, including import and export duties, applicable to your business if you engage in international trade.

Excise duty

If your business involves excise goods, such as alcohol, tobacco, or fuel, be aware of the excise duty obligations and compliance requirements.

Grants

Explore available grants and funding opportunities from various sources, including government programmes, to support your business growth and development.

Intellectual property

Protect your intellectual property by registering trademarks, patents, or copyrights, as appropriate, to safeguard your innovations and creations.

Employee relocation

If you're planning to relocate overseas employees to lead or support with the UK business, consideration needs to be given to tax implications, reward package and relocation to the UK.

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ESG and sustainability in business

The environmental, social, and governance (ESG) and sustainability agenda has gained importance in business. Understanding these considerations can help you manage your impact, reduce risks, and maximise opportunities.

The ESG and sustainability agenda emphasises the importance of environmental sustainability, social responsibility, and strong corporate governance. It's driven by increasing societal expectations, regulation, and investor demands for responsible and sustainable business practices.

Rather than viewing ESG these requirements as a burden, see them as an opportunity. Embrace sustainability practices and align your business with the evolving ESG and sustainability landscape, which can enhance your reputation, and appeal to investors and customers, as well as hire and retain talent, and foster long-term business resilience.

Evaluate your current business practices and identify areas where you can improve sustainability and ESG performance. Develop policies and strategies to address environmental impacts, social issues, and governance frameworks within your organisation.

Focus on reducing your carbon footprint, promoting inclusion and diversity, ensuring ethical supply chains, adopting transparent governance structures, and engaging with stakeholders to build trust and accountability.

By prioritising sustainability and ESG considerations, you can position your business in the UK as a responsible and forward-thinking organisation, driving positive impact while building long term success.



For more guidance, reach out to:

Paul Holland

Partner, Head of ESG and Sustainability Assurance Services

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Understanding UK business culture

Achieving success in global business requires many levels of understanding, and one crucial area that should be factored in is learning about and adapting to local cultural norms.

From greeting someone at your first meeting, through to preferred communication and negotiation styles, to how relationships are typically maintained, understanding these practices can make the difference in how successful you'll be received.³

Three suggestions for doing business in a different country:

- 1 Learn about your own culture
- 2 Identify the differences (and similarities)
- 3 Bridge the gaps and develop the similarities

Communicating and giving feedback

There are tendencies in the UK towards communicating implied messages that may require reading between the lines a little, which can cause confusion if you're used to more directness.

If you come from a culture that's more direct, you may otherwise miss the critical piece of feedback when it's so neatly wrapped up with other pleasantries.

Leadership

You may experience quite diverse leadership styles while working in the UK. Government departments and public sector organisations may be more hierarchical, but the corporate world is becoming more egalitarian, particularly in smaller businesses which may have flatter structures with less distance between leaders and junior staff.

It's standard practice in the UK to address people by their first names and to interact with people at all levels, even if you're the CEO.

3. Erin Meyer, *The Culture Map* (2023). *The Culture Map*

For more guidance, reach out to:



Melanie Frea
International Business
Centre Director



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Decision making

When dealing with organisations in the UK, your decision making experience will be quite diverse. In some institutions, it will be top-down, which may result in faster processes. However, you may also experience entirely consensual decision making.

This is becoming increasingly common as leadership teams look to be more inclusive and recognise the value of different views.

Business relationships

Building trust can be critical to creating new business relationships worldwide, but trust may be built differently.

The two ends of this scale involve creating trust through developing and building relationships first, or it may be based on how you view someone's competence, experience, and skills. If you come from a culture where it's more common to build friendly relationships first before creating business ones, you may find the more practical work relationship approach in the UK a little challenging.

It's common for UK business people to prefer to engage in networking during or on the edges of typical working hours while leaving weekends and evenings for time with family and friends.

Disagreements

It's usual to take a balanced approach to disagreements in the UK, so you might want to be cautious if you haven't yet built trust or worked together before.

If you can have an open discussion, you may find that if your view isn't expressed in the room in preference for a private conversation later, you may have missed your chance.

Scheduling

In the UK, promptness is valued, and if you're going to be more than five minutes late, it's good practice to communicate that beforehand.

And, if there's an agreed timeslot, it's usual to not overrun.

If there's more business to be done, then check if all the attendees can stay for longer or arrange a second session.

On projects, it's still common for deadlines to be essential and not just aspirational.

Persuading

The cultural preference in the UK is to focus on 'how' something will be achieved and return to the 'why' if it's agreed it can be done.

The local preference is to get to the point quickly, and principles can be used to support the rationale if a general agreement is reached.

It will depend on your cultural preferences and what adaptations you feel are necessary to succeed in business in the UK. Enjoy being curious and you'll find the overall experience of doing business more fulfilling.

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Choosing a location

You'll find a location in the UK that's the right place to achieve your business goals. London is the economic centre, but cities and large towns around the country offer strong infrastructure and investment incentives – all connected by excellent transport links.

Domestic transport includes direct rail travel between London and key cities: from Birmingham, Glasgow, and Cardiff to Manchester, Newcastle, and Bristol, with the Eurostar connecting the capital to Paris and Brussels. London Heathrow is one of the world's busiest airports, and regional airports offer quick international and domestic connections.

The specific location you choose will depend on several factors: the infrastructure and incentives a particular city offers your industry, transport links, including seaports, and access to talent are all important criteria for your decision.

The size of the local population and specific demographics will also influence many companies. You may also be looking to partner with a university to research and develop innovative solutions.

You'll find a full list of the largest cities, freeports, airports and leading universities for every part of the UK in the tables in this section.

Key for the following pages

Towns and cities are listed largest to smallest based on population size per region.

Airports are listed A-Z per region

Top five universities are listed per region. Source: Complete University Guide - University Rankings, Guides and Courses (www.thecompleteuniversityguide.co.uk)

What are freeports?

The Government reintroduced eight freeports in England and Wales, and two green freeports in Scotland.

There are no tariffs on materials imported into freeports or re-exported to other countries. Tariffs are only paid on finished products made from the original goods and transported elsewhere in the UK. Lower property taxes also make them attractive sites for manufacturers to locate themselves.

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London

Population: 8.8 million



Freeports

Thames Freeport

International Airports

Gatwick Airport

Heathrow Airport

London City Airport

Universities

London School of Economics and Political Science

Imperial College London

University College London

Kings College London

University of the Arts London

“

London is one of the world's greatest cities. It's a leading global financial centre, with a diverse range of key industries; from real estate and hospitality to retail and business services. The recently established Thames Freeport shows that the Government is committed to maintaining its status as an innovative, business-friendly location, and the Mayor of London has the autonomy and budget to focus on the city's specific needs. You'll also find excellent logistical connections: road and rail links to all parts of the UK; some of the world's busiest airports, and easy access to the channel tunnel and ferries to the European continent. And, of course, it's an excellent place to live; a famously green capital, it's home to leading organisations across the arts and sciences. There's never a boring moment in London.”

Akshay Bhalla, Partner, Head of India Global

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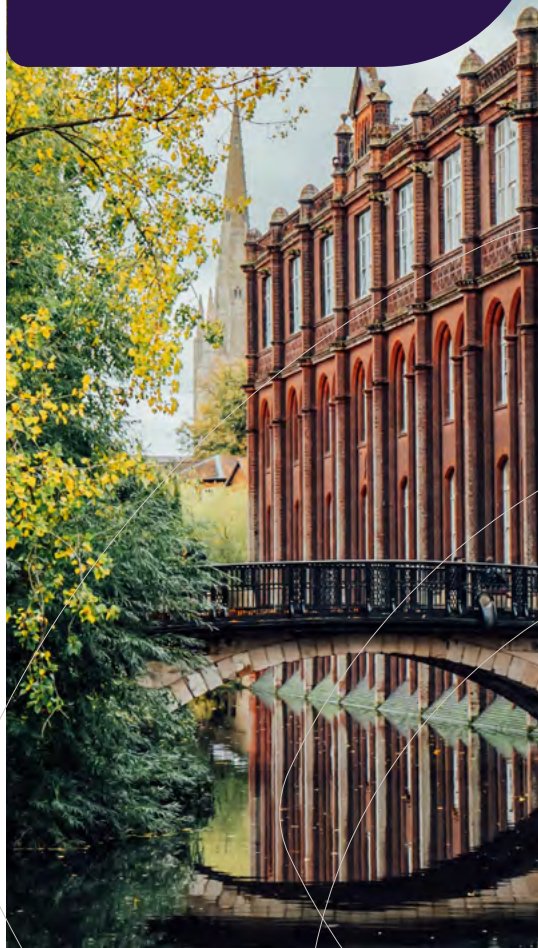
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East of England

Population: 6.3 million



Towns and cities

Luton

Peterborough

Cambridge

Norwich

Chelmsford

Southend-on-Sea

St Albans

Ipswich

Freeports

Freeport East (Felixstowe and Harwich)

International Airports

London Southend Airport, Essex

Luton Airport

Norwich International Airport

Stansted Airport

Universities

University of Cambridge

University of East Anglia

University of Essex

University of Suffolk

Norwich University of the Arts

“

The East of England is where innovation happens. Pharmaceuticals and renewables are key industries and, as well as attracting talent, the University of Cambridge strategically partners with companies around the world to commercialise its research. While its towns and cities are small, they're excellent places to live: thriving cultural hubs, striking countryside, and good public transport links to London. Approximately 10% of the UK's population is based here and the Government is continually investing in infrastructure.”

Charlotte Anderson, East of England Practice Leader

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North East

Population: 2.6 million



Towns and cities

Newcastle-upon-Tyne
Sunderland
Middlesborough

International Airports

Newcastle International Airport
Teesside International Airport

Universities

Durham University	University of Sunderland
Newcastle University	Teesside University, Middlesborough
Northumbria University, Newcastle	

“

The North East has a rich tradition of innovation that continues to thrive in the 21st century. You'll find businesses at the cutting edge of digital, tech, and renewable energy working alongside industries that are part of its heritage, such as manufacturing. It's becoming a global centre for BEV production, supported by the North East Automotive Alliance. Investment vehicles, such as Project Fuse, bring businesses together with respected universities and public sector organisations to take solutions to the world and revenue back to the region. As well as strong rail links to other major cities across the UK and its own airport, Newcastle offers a regular overnight ferry to Amsterdam. The cost of living and local attractions, from concert venues to coastlines, also ensure it's a great place to stay.”

Dan Dickinson, Yorkshire and North East Practice Leader

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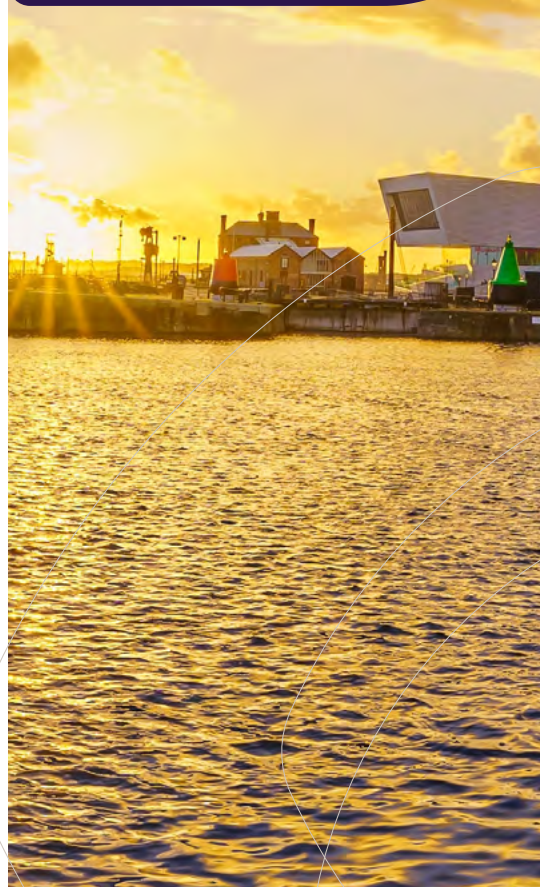
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North West

Population: 7.5 million



Towns and cities

Liverpool
Manchester
Preston

Lancaster
Blackpool

International Airports

Liverpool John Lennon Airport
Manchester International Airport

Universities

Lancaster University
University of Liverpool
University of Manchester

Edge Hill University (Lancashire)
University of Chester

“

The North west is thriving. Major cities and smaller towns across the region are receiving a constant stream of investment from local government and private equity, and there's funding in place for more. This investment is directed to both traditional sectors, like manufacturing and defence, and growth industries, particularly science and tech, as well as our leading research universities. It's not only a great place to do business though. Manchester and Liverpool are historic cities where you'll also find the best of modern urban living, as well as the more rural surrounding areas across the region.”

Mick Frankish, North West Practice Leader

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South East

Population: 9.3 million



Towns and cities

Milton Keynes

Brighton and Hove

Southampton

Portsmouth

Reading

Oxford

Dover

Freeports

Solent Freeport

International Airports

Southampton International Airport

Universities

University of Oxford

University of Surrey

University of Southampton

University of Reading

Royal Holloway

“

The South East is the most populous, and prosperous, part of the UK, with technology, advanced manufacturing, digital, finance, and aerospace drawing inward investment. Doing business is made easier by strong infrastructure, including the M3, M4, M40, M23 growth corridors, and access to international markets through major ports and airports. You'll also find world-class universities, enterprise zones, and investment clusters. South East Invest supports international SMEs to set up in the region. As well as business opportunities, you'll also find a high standard of living and a wealth of attractions – so anyone relocating will enjoy their life here.”

Norman Armstrong, Thames Valley and Southampton Practice Leader

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South West

Population: 5.7 million



Towns and cities

Bristol	Exeter
Bournemouth	Cheltenham
Plymouth	Truro
Swindon	Falmouth
Poole	Bath
Gloucester	

Freeports

Plymouth and South Devon Freeport

International Airports

Bournemouth International Airport	Exeter International Airport
Bristol International Airport	

Universities

University of Bath	Bournemouth University
University of Exeter	Falmouth University
University of Bristol	

“

The South West is an economic centre built on multiple industries, including advanced engineering, facilities management, infrastructure services, healthcare, and the consumer sector. We're home to an active investor group, with many companies receiving PE-backing. The British Business Bank also runs a dedicated South West Investment Fund. The region is one of the most desirable places to live in the UK, with thriving cultural scenes sharing space with UNESCO world heritage sites. People are constantly moving to or back here, and talent stays.”

Lauren Carlyle, Location Leader for Bristol and Cardiff

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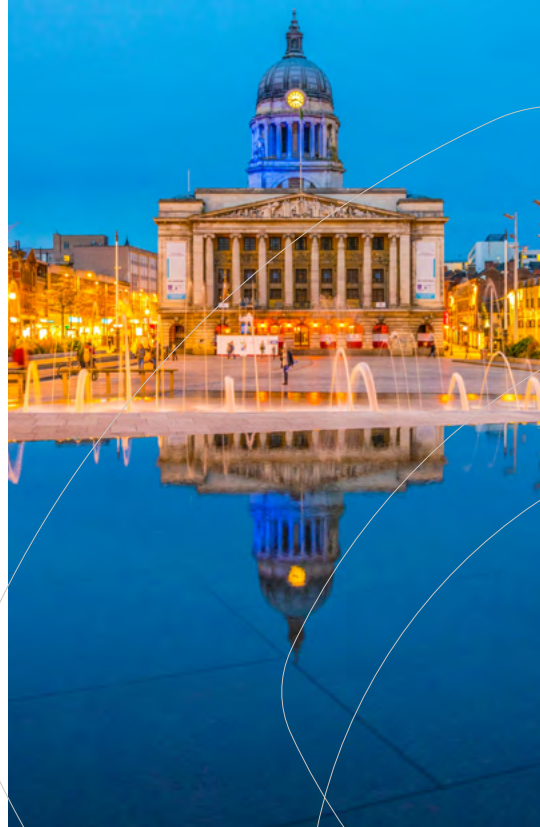
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East Midlands

Population: 5 million



Towns and cities

Leicester
Nottingham
Derby

Northampton
Lincoln

International Airports

East Midlands International Airport

Universities

University of Loughborough
University of Nottingham
University of Leicester

Nottingham Trent University
University of Lincoln

“

The East Midlands brings together industrial heritage and a vision for the future: advanced manufacturing and agri-food are key sectors, but its investment in innovation ranges from life sciences to nuclear fuel research – Space City, the UK’s internationally significant centre for space-related research and development, is based in Leicester. The East Midlands Airport has the country’s largest international freight operation and forms one section of the region’s unique inland freeport, which straddles Leicestershire, Nottinghamshire, and Derbyshire. This activity doesn’t detract from its rural character; its most famous feature is Sherwood Forest, but living here also gives you access to the Peak District and Lincolnshire Coast. You’ll also find plenty of cultural and sporting attractions in its major cities, including Trent Bridge Cricket Ground. There are excellent rail and road links between them, as well as to neighbouring regions and London.”

Matt Buckingham, Midlands Practice Leader

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West Midlands

Population: 6 million



Towns and cities

Birmingham

Coventry

Wolverhampton

Stoke-on-Trent

Worcester

International Airports

Birmingham International Airport

Universities

University of Warwick

University of Birmingham

Harper Adams University (Newport, Shropshire)

Aston University, Birmingham University

Keele University (Staffordshire)

“

The West Midlands isn't only at the geographic centre of England. Its industrial heritage and cutting-edge innovation put it at the heart of its economy. Demographic diversity and leading universities ensure access to a wealth of talent to power your business. Birmingham is widely considered the UK's second city and you'll find economic hubs across the region, from Wolverhampton to Worcester. The West Midlands Combined Authority is a designated HMRC investment zone, created to drive growth through project delivery. Centrality also means connectivity and you'll find it's as easy to travel to London and Scotland as it is to the East Midlands or the North. Of course, the living standards mean that it's the West Midlands where more and more people and businesses want to stay. There are vibrant performing arts and restaurant scenes, and Birmingham's International Convention Centre hosts hundreds of events every year”

Matt Buckingham, Midlands Practice Leader

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Yorkshire and the Humber



Population: 5.5 million



Towns and cities

Leeds

Sheffield

Bradford

Doncaster

Hull

Rotherham

York

International Airports

Humberside International Airport

Leeds Bradford International Airport

Universities

University of York

University of Sheffield

University of Leeds

Sheffield Hallam University

University of Huddersfield

“

There's lots going on in Yorkshire. Advanced manufacturing still has a place here, but now we're looking at a 'green industrial revolution', and our start-up and scale-up community is growing across the market. The Government is clearly backing us – we have a good share of the Investment Zones, but much of the attraction comes from our own resources. From Leeds and Sheffield to the Humber, there's innovation and talent across the region. Young people who come to study at our universities stay to build careers. And that's not just because of jobs. There are so many brilliant cities and beautiful countryside around here that it's just a great place to live.”

Dan Dickinson, Yorkshire and North East Practice Leader

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Scotland

Population: 5.4 million



Towns and cities

Glasgow

Edinburgh

Aberdeen

Dundee

Dunfermline

Inverness

Perth

Stirling

International Airports

Aberdeen International Airport

Edinburgh International Airport

Glasgow International Airport

Inverness International Airport

Universities

University of St Andrews

University of Edinburgh

University of Glasgow

University of Strathclyde

University of Aberdeen

“

Scotland is an innovative and stable environment to invest. The mid-market is our heartland, but large corporates and entrepreneurial start-ups also succeed here – operating in a real range of sectors: from food and beverage to technology, renewables and life sciences. This activity is supported by a strong infrastructure that includes excellent connectivity between major cities, as well as to London and the continent. The driving force of our business communities, though, is talent: our domestic pool is deep, but we also attract and retain many people from across the UK and internationally. They come, and stay, because of the welcoming, progressive and vibrant culture, and an excellent work-life balance that ensures everyone can enjoy it.”

Stuart Preston, Scotland Practice Leader

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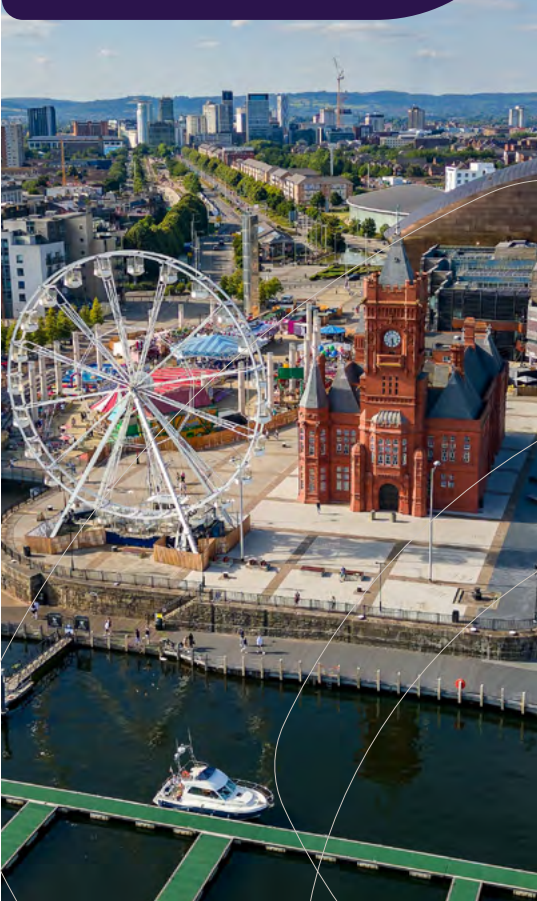
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Wales



Population: 3.1 million



Towns and cities

Cardiff	Wrexham
Swansea	Llanelli
Caerphilly	Merthyr Tydfil
Newport	Cwmbran
Bridgend	Bangor

Freeports

Anglesey and Celtic Freeport

International Airports

Cardiff International Airport

Universities

Cardiff University	Cardiff Metropolitan University
Swansea University	Bangor University
Aberystwyth University	

“

Wales is a positive place to do business. Our economy is diverse – powered by manufacturing, tourism, and creative industries, as well as professional and financial services. You’ll find a range of business opportunities in an entrepreneurial culture that truly is dynamic: change is constant and innovation is welcome. Its central location, competitive operating costs, and welcoming society make it a very business-friendly environment if you have the right strategy.”

Rhian Owen, Audit Partner, Cardiff Office

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Northern Ireland

Population: 1.9 million



Towns and cities

Belfast

International Airports

Belfast International Airport

Universities

Queen's University Belfast

Ulster University

Northern Ireland is looked after by
Grant Thornton Ireland.

Contact Sasha Kerins
for guidance on investing there.

sasha.kerins@ie.gt.com or visit:

Audit, Tax and Advisory Services

Grant Thornton Ireland

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Building your workforce

Building a capable and diverse workforce is crucial for success when establishing your business in the UK. As with most countries, there's strong competition for top talent and employers commit significant resource to standing out as an employer of choice in their industries and sectors.

We've outlined some of the basic legal requirements for building a workforce in the UK as well as some of the key ways to attract and keep great talent.

Complying with UK employment law

There's a wide range of UK employment legislation in place to help protect employers and employees; covering areas such as employment contracts, holiday entitlement and pay, dismissal and grievance procedures, family leave, reasonable adjustments for employees with disabilities, the redundancy process, pensions and more. These are all areas we can support you in navigating.

Transferring foreign employees vs recruiting locally

When expanding your workforce into the UK, you can consider moving existing employees from overseas locations or recruiting locally. Both approaches have benefits and challenges, including internal knowledge sharing, cultural adaptation, visa requirements, and workforce integration.

Immigration

You'll have to conduct right-to-work checks for all recruits and keep correct records as the Home Office requires, to ensure you don't employ anyone working illegally.

Business visitors

Understand the rules for business visitors to the UK. Depending on their nationality and the purpose of their visit, some individuals may need a visitor visa or may be eligible to enter as visa-free business visitors for a limited duration.

Equality

The Equality Act 2010 prohibits discrimination in relation to nine protected characteristics, including gender, race, and disability. It also ensures compliance with equal pay for similar work. It's essential to supply fair and non-discriminatory compensation to all employees, regardless of gender, race, or other protected characteristics.

Work environment

A flexible and agile work environment has become popular in the UK. By offering flexible working arrangements, you can create a positive and inclusive culture that fosters employee engagement and productivity, ultimately leading to increased employee retention and satisfaction.



For more guidance, reach out to:
Katie Nightingale
Director, Business Consulting



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Gender pay gap reporting

Companies in England, Wales, and Scotland with 250 or more employees must report on their gender pay gap, which is the difference between the average pay of men and women in an organisation.

If you employ more than 250 people in the UK, you'll be required to report your gender pay gap on a specific 'snapshot' date. You must do this for every year your headcount is above 250.

National minimum wage

Familiarise yourself with the National Living Wage regulations to ensure your employees receive the right minimum compensation based on age and employment status.

The use of independent contractors

Understand the distinction between employees, workers, and independent contractors. Ensure compliance with employment and tax regulations when engaging independent contractors: for example, if an arrangement is similar to employment it may come under the off-payroll working rules.

Human rights

Respect and uphold the fundamental human rights of your employees as enshrined in UK law. These rights include protection against discrimination, the right to freedom of expression, and the right to a safe and healthy working environment.

Key pieces of legislation in the UK include (but are not limited to) Employment Rights Act 1996, National Minimum Wage Act 1998, and the Equality Act 2010.

Accessing the UK's talent

Define and manage your employer brand

Consider what your unique selling point is as an employer. Articulating why people would want to work for you will help create a consistent narrative which can underpin your attraction and retention approaches. This is often known as your 'People Deal' or 'employee value proposition' (EVP).

UK talent is attracted to socially-conscious businesses so proving your commitment and credentials to the principles of ESG will significantly boost your employer brand.

Ensure that your policies and practices align with ESG objectives, such as promoting an inclusive and diverse workforce, implementing sustainable workplace practices, and adhering to ethical labour standards.

Continuously monitor and review perceptions of your employer brand, to ensure it aligns with your values and purpose. You can do this through exit interviews and external feedback (eg, Glassdoor) and use the output from these to review your people practices.

Creating a compelling People Deal or Employee Value Proposition (EVP)

Competitive salaries

On top of the legal requirements around pay, offering a competitive salary is a key attraction and retention tool. At a strategic level, deciding where you want to and can afford to sit in the market on salaries, as well as how it fits into your overall EVP will help to manage your approach. Consider regularly benchmarking data for your industry, discipline and/or profession you're recruiting in to understand how you compare to other similar roles and ensure the salaries of existing employees are competitive.

Employee benefits and pensions

As well as salaries, competitive employee benefits can enable you to attract and keep top talent. These may include health insurance, retirement plans, flexible working arrangements, and professional development opportunities. Generous pension contributions are another way to financially compensate your employees.

You'll also have to set up workplace pensions and automatically enrol qualifying employees into them. Employees can opt out of your pension scheme, but you're not allowed to encourage them to do so.

You'll have to contribute at least 3% of each qualifying employee's gross monthly salary.

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Opportunities for training and development

Offering opportunities to access training and development supports engagement by enabling employees to grow in their existing roles, as well as drive career progression and prepare for future roles.

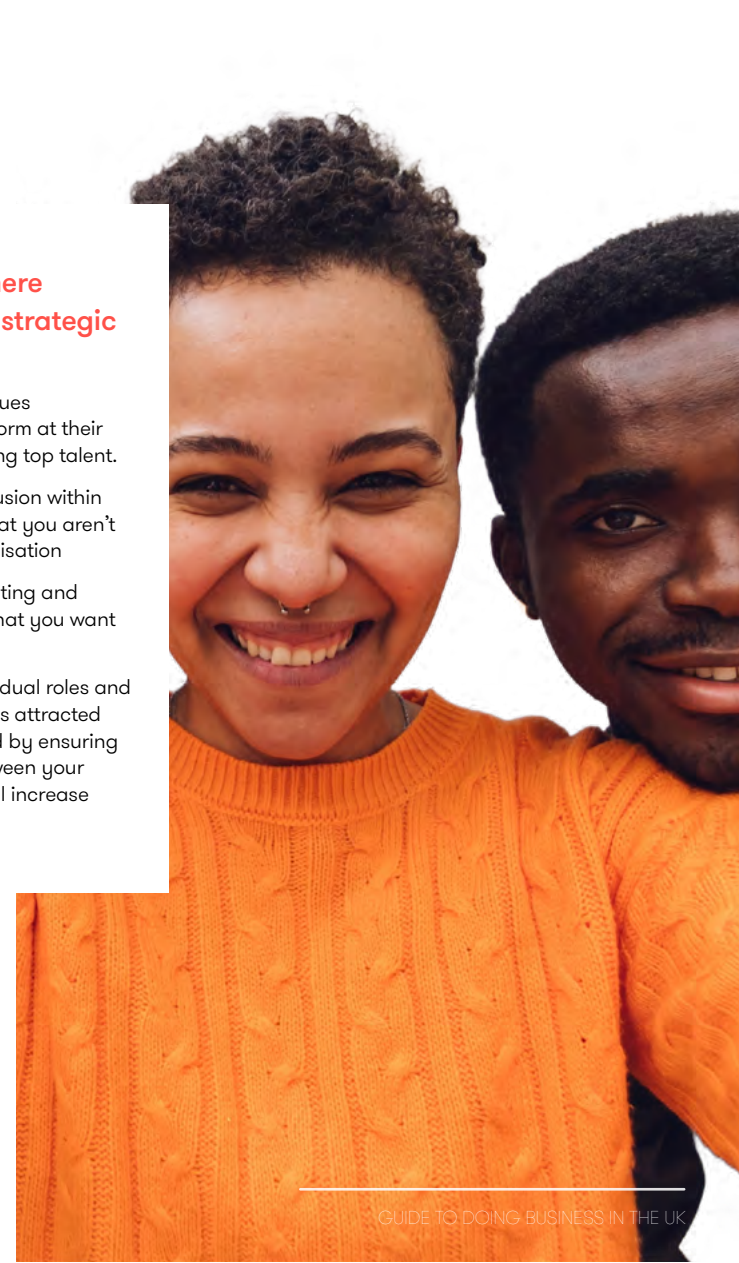
The apprenticeship levy can be accessed by any company in England to reduce the costs of eligible training and development costs by 95%. This is funded by a 0.5% tax on UK employers with a pay bill of more than £3 million.

Strategic workforce planning can help you name the skills and capabilities you need as an organisation today and in the future so you can target your training and development offerings to meet current and future needs. Consider how you provide this learning in an inclusive way to ensure employees with different learning styles can access this and benefit from it.

Build an inclusive culture where values and purpose align to strategic objectives

An inclusive work environment which values differences and allows everyone to perform at their best is essential to attracting and keeping top talent.

- 1 Identify and address barriers to inclusion within your employee lifecycle to ensure that you aren't missing the best talent in your organisation
- 2 Invest time and focus on communicating and embedding values and behaviours that you want employees to align to
- 3 Define your purpose and align individual roles and objectives to achieving that – talent is attracted to purpose-driven organisations, and by ensuring that individuals can see the link between your purpose and their contribution, you'll increase productivity



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Understanding the tax regime

The UK Government expects all organisations and individuals to pay their taxes and ensure compliance, but it also offers incentives to support companies to pursue investment, innovation, and talent development.

In this section you'll find clear overviews of the main taxes you'll have to pay, as well as information on how we can help if you require more specific guidance.

How our tax system works

Understanding how the UK organises and collects tax will make it much easier to fulfill your compliance obligations and take advantage of reliefs and incentives.

The UK has a self-assessment tax regime so it's important for businesses (and individuals) to be aware of their own payment and filing obligations. You need to monitor which taxes apply to you and make the right registrations with HMRC.

Once your business is registered with Companies House the tax authorities should issue your company with a unique tax reference number, which is sent to the registered office. After you get your number, you can register for corporation tax with HMRC.

The taxes you'll pay

The specific taxes and reliefs you need to know about will depend on your situation and size. The main taxes that apply to most businesses are corporation tax, value-added tax (VAT) and indirect taxes such as customs duties, and employment, or 'payroll' taxes.

Corporation tax

From 1 April 2023 UK corporation tax on companies with profits above £250,000 per annum is 25%. If your profits are below £50,000, the rate falls to 19%, with scalable marginal relief available for businesses with profits between £50,000 and £250,000.

HMRC

His Majesty's Revenue and Customs (HMRC) is a non-ministerial department that administers the UK's tax system. HMRC helps individuals and businesses to pay tax and investigates and enforces action over non-compliance.

For more guidance, reach out to:



David J Willott

Partner, Tax



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How do you pay it?

Your tax return is due one year from the end of the accounting period. Payment dates depend on the size and number of companies under common control. For smaller companies, the deadline is nine months and one day after the end of the accounting period. Larger companies must make payments across four quarterly instalments, starting in the seventh month of the accounting period. Very large companies have accelerated payment dates so that all tax is due within the accounting period (due in the third, sixth, ninth, and twelfth month).

A company will generally be considered large in this context if it has taxable profits in excess of £1.5 million per annum, or as very large with taxable profits exceeding £20 million. These profit thresholds are reduced pro rata by the number of associated companies of the company in question.

Taxation of foreign branches

A UK-based company with branches in other countries can elect to not pay corporation tax on the profits of those branches. Once you've made this decision, you can't revoke it, so our expert advice can really help here.

Value-added tax (VAT)

VAT is a sales tax charged on the supply of goods and services sold by businesses with taxable turnover above £85,000 per annum. The current standard VAT rate is 20%. Certain supplies have a reduced rate of 5% and most exports, most food, and certain 'essential' goods are zero-rated and so can recover VAT on costs incurred. This isn't available for supplies that are treated as exempt (such as financial services, health and welfare, and education).

Assuming you don't make exempt supplies, your potential liability should be the difference between the VAT you charge your customers and the VAT you pay to your own suppliers. You must normally submit VAT returns every quarter, but in certain circumstances you can opt for monthly or annual returns. All businesses who have to pay VAT are required to use compatible software to track relevant amounts and make HMRC VAT filings.

Payroll taxes

If your company employs people you'll need to calculate and pay income tax, and both employees and employers' National Insurance Contributions (NICs) through pay as you earn (PAYE). Employees' income tax and NICs are deducted from their salaries, but employers' NICs are a cash cost to you. The rates are subject to change, but in 2023-24 the contribution from employers was 13.8% of all earnings above £175 per week. Increases to employer's national insurance were announced toward the end of 2024 applying from April 2025.

If your annual payroll is above £3 million 'per year' you would also pay the equivalent of 0.5% of it towards the apprenticeship levy, which all companies can access to fund training schemes for their people.

To find out more about using the apprenticeship levy for your workforce, view our building your workforce section.

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What is PAYE?

PAYE (Pay As You Earn) is the system of income tax withholding and National Insurance contributions for employees.

It's your responsibility as an employer to deduct the right taxes and contributions from your people's salaries or wages and remit them to HMRC on their behalf.

Registering for PAYE is one of the first steps when setting up your business presence in the UK.

How do you pay it?

The first step is registering a payroll scheme with HMRC. This process can take up to four weeks.

The UK tax year for individuals runs from 6 April to 5 April. You'll need to calculate your employees' net pay and deduct tax and national insurance. Each time a payroll run is made, you'll need to submit an online return to the tax authorities. If any of your employees receive any expenses or benefits, you'll either need to file an annual P11D(b) return for the company and P11D returns for each employee, or alternatively tax these benefits through payroll. This will become mandatory from April 2026.

Reliefs, exemptions and incentives

The UK tax system is set up to reward investment and innovation. Staying up to date on current opportunities can help you save money and make the most out of your investment in the UK.

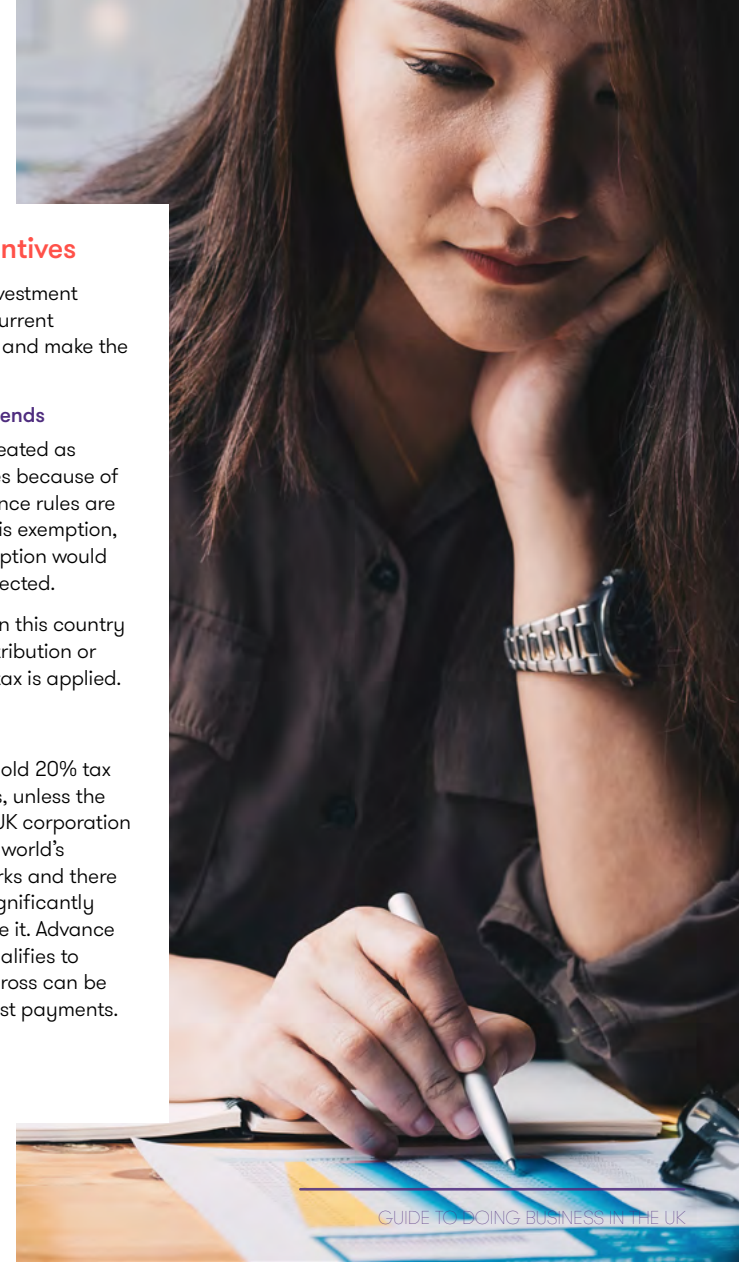
Dividend income and payment of dividends

In the UK dividend income is typically treated as non-taxable for corporation tax purposes because of several specific exemptions. Anti-avoidance rules are in place to prevent the exploitation of this exemption, so you should confirm whether an exemption would apply if material dividend income is expected.

An attractive feature of doing business in this country is that where company law allows a distribution or dividend to be paid, no UK withholding tax is applied.

Withholding tax mitigation

The UK does require companies to withhold 20% tax when they pay most interest or royalties, unless the payments are to companies subject to UK corporation tax. However, the UK also has one of the world's strongest international tax treaty networks and there are often provisions in place that can significantly reduce the tax withheld or even eliminate it. Advance clearance confirming your company qualifies to withhold tax at 'treaty' rates or to pay gross can be required, especially in the case of interest payments.



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Participation exemption

UK companies can dispose of their qualifying interests in trading companies' without paying corporation tax under the 'substantial shareholding exemption'. This exemption is automatic if your company satisfies specific criteria. If a UK company holds 10% or more of the ordinary share capital of a trading company (or holding company of a trading group) and has met these conditions for twelve months or more up to the date of disposal, it would typically be expected to qualify for the relief.

Research and development (R&D)

The UK fosters innovation through research and development tax relief and credits, for companies seeking advancements in science and technology. There are currently two different reliefs depending on the size of the business.

In 2023 the Government announced changes to create one scheme from 1 April 2024.

Under this new scheme a company may claim in respect of projects if they initiate the R&D. In some circumstances R&D subcontracted to a company may also be claimed, however there are rules to prevent more than one company claiming in respect of costs.

There will also be another 'SME intensive scheme' applicable where qualifying R&D expenditure is at least 30% of total expenditure. An SME that makes a valid claim in one year will be able to submit a claim the following year even if their total qualifying expenditure falls below 30%.

Both schemes require a detailed 'Additional Information Form' to be submitted to HMRC in support of a claim. HMRC may also require advance notification that a claim will be made in certain circumstances. To prevent abuse of the relief the UK has introduced a 'cap' on cash R&D credit payments linked to PAYE income tax and NIC.

Patent box

If your UK company owns exclusive patents (granted by the UK Patent Office, the European Patent Office, or the national patent offices of 13 European Economic Area countries) on products it developed, you may be eligible for a tax deduction that's designed to give an effective 10% tax rate on qualifying income.

There are 'nexus' rules designed to align relief to companies that undertake their own R&D rather than simply purchasing IP. These rules can require careful 'streaming' of IP income against relevant R&D activities.

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Developing and managing intellectual property in the UK

You can protect your intellectual property through copyright, patents, or registering a trademark or design. You don't have to apply for copyright. You automatically own the rights to written work, art, photography, music, film, or web content as soon as you create it.

You do have to apply for trademarks or patents. It takes up to three weeks to register a trademark and four months to register a design in the UK. You apply for a patent from the Intellectual Property Office and the process can take up to five years. The first patent will last for five years, and you'll then have to apply to renew it every year. You can do this for up to 20 years.

Enterprise investment scheme

The enterprise investment scheme (EIS) gives income, capital gains, and inheritance tax reliefs to individual investors who subscribe for new shares in your business: the maximum company limit on qualifying investment is £5 million per year and £12 million in your company's lifetime. There are also limits on amounts individuals can invest under EIS. There are several conditions which need to be satisfied but some of the main tests to be eligible for EIS status are; does your company have a permanent establishment in the UK, it's not listed on a stock exchange (with some exceptions), and does it have gross assets less than £15 million (before issuing shares). The UK's commitment to encouraging innovation means that knowledge-intensive companies are allowed to raise more money under the scheme (£10 million in a year and a £20 million lifetime limit).

Personal taxation

When moving to the UK or moving employees to the country, it's important to be aware that individuals will be subject to personal taxation. If they become UK tax resident, companies will need to consider their corresponding payroll reporting obligations and National Insurance Contributions.

The key personal taxes an individual pays are income tax and personal capital gains tax. The UK has negotiated treaties with more than a hundred countries to prevent double taxation, so your liability will depend on your individual situation.

Income tax

You'll pay income tax on any income above your personal (tax-free) allowance.

If you earn £125,000 and above, you have no personal allowance. The allowance for anyone earning between £100,000 and £125,000 gradually decreases by £1 for every £2 of adjusted net income above £100,000.

If you're based in Scotland for most of the calendar year you'll pay Scottish Income Tax on wages, pensions, and savings. You'll need to tell HMRC if you move to or from Scotland to ensure you pay tax at the right rate.

Dividends

If you own shares in your company, you'll pay tax above a certain threshold. You won't pay tax on any dividends if your total income is below the personal allowance, and you'll also have an added dividend allowance.

Relief for losses

You can report trading losses in your self-assessment tax return.

Inheritance tax

If you live in the UK for the long term you may pay inheritance tax of 40% on assets above £325,000. If you transfer a residence, the general threshold may be increased to £500,000 if you leave it to your children/grandchildren. The inheritance tax regime also includes various reliefs for different assets.

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Fulfilling your compliance obligations

In addition to firm anti-evasion protocols, HMRC is diligent on anti-avoidance. A general anti-abuse rule (GAAR) was introduced in 2013.

The GAAR intends to counteract 'abusive' attempts to avoid tax even if the attempt doesn't break any specific rule. HMRC applies a 'double reasonableness test' that asks if a reasonable person would decide an arrangement is reasonable. If an arrangement fails this test HMRC may recoup lost revenue and apply penalties. The UK also has 'targeted anti-avoidance rules' that address specific areas seen as historically open to abuse. We also have additional rules targeting complex international structures, such as the 'anti hybrid mismatch' rules and, for large groups, the diverted profits tax. In principle these anti-avoidance protocols aren't designed to target genuine commercially-driven activities.

Failure to prevent tax evasion

In the UK, companies can be found criminally liable for not preventing tax evasion or facilitation of tax evasion by employees or third parties. It's vital to ensure that your business has the correct procedures and protocols in place to monitor and report on potential tax evasion where you may be found responsible for failing to prevent it.

Additional reporting obligations for large companies and groups

Identifying a senior accounting officer (SAO)

Companies or groups with UK turnover of £200 million or more and/or balance sheets above £2 billion of assets must comply with additional reporting obligations. They need to name a director or officer who is responsible for overall accounting arrangements. HMRC requires this to be a 'reasonable decision'. This means that even if a case can be made that a different person should be the SAO, HMRC won't challenge the decision if the basis for your choice was reasonable.

Publishing your UK tax strategy

Companies which meet the SAO threshold must also publish their UK tax strategy. The requirement also applies to UK companies that are part of large international groups with turnover of EUR 750 million or more.

Transfer pricing documentation and country-by-country Reporting (CbCR)

If a company is part of a group that includes a UK entity and an overseas entity, with consolidated revenue of EUR 750 million, then an annual report that discloses key elements of the group's financial statements by tax jurisdiction needs to be filed with the tax authorities. The ultimate parent entity typically files the CbCR report. Its subsidiary companies must also make a notification to their local tax authority (eg, HMRC)

From 1 April 2023 companies that are part of groups whose revenue in the year meets the CbCR threshold must also maintain a master file containing standardised information relevant for all group members and a local file referring specifically to material transactions of the UK taxpayer. This doesn't have to be submitted to HMRC, but must be properly kept and produced on request.

Pillar two

New 'pillar two' global minimum tax rules seek to ensure multinational enterprises are paying tax at an effective rate of 15% or higher in every jurisdiction they operate, regardless of the local headline tax rate or the impact of local tax reliefs. In the UK groups with consolidated revenue above EUR 750 million must comply with the global minimum tax rules for accounting periods beginning on or after 31 December 2023.

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Acquiring a business and accessing finance

In the UK businesses looking to grow and expand their operations may consider acquiring another company. However, buying a business can be a costly and complex process, and access to finance is often crucial to making it happen.

Accessing finance for acquisitions

Companies looking to acquire a business in the UK may seek to supplement their own capital by obtaining funding or may look for some or all the funding to come from here.

There are various forms of funding available for businesses looking to acquire another company, such as bank loans, venture capital, private equity, and crowdfunding. Each possibility comes with its own advantages and disadvantages, and it's essential to assess which funding choice best suits your business needs.

In addition, an acquirer should also be aware of distinct types of funding methods that a business may have undertaken in the past as this could have implications for the acquisition process. This may include tax-efficient solutions such as venture capital trusts (VCTs), seed enterprise investment scheme (SEIS) or enterprise investment schemes (EIS) as well as crowdfunding and other financial investors.

Due diligence

It's important to conduct thorough due diligence to ensure that the acquisition aligns with your business's goals and values. Additionally, the process of buying a public company differs significantly from buying a private company. Understanding these differences is crucial in making an informed decision.

Ultimately, acquiring a business can be a worthwhile investment for companies looking to expand their operations, but careful consideration and strategic planning are essential to ensure a successful outcome.

For more guidance, reach out to:



Peter Jennings

Partner, Corporate Finance



Philip Secrett

Partner, Head of Public Company Advisory



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Acquiring a UK public company

Takeover code

It's important to understand the UK's takeover code, which regulates the acquisition of public companies (typically ones quoted on a UK stock exchange). These rules provide a code of conduct for approaching and negotiating with companies and, importantly, their shareholders.

A takeover is typically an acquisition of an entire company, but the regulations apply where a purchaser and its concert parties seek to take control of 30% or more of the voting rights of the target company.

During a takeover, you'll need to follow the takeover code's provisions, including disclosure requirements about yourself, the terms of the offer and the financing of the deal. These are an important aspect of UK shareholder rights and protections. The takeover code also requires a bidder to ensure that it can fulfil any cash consideration which may become payable as part of the offer. This must be confirmed by a suitable third party, usually the bidder's financial adviser.

Takeover process

We can familiarise you with the regulatory takeover timetable, which outlines the key stages and deadlines for completing the acquisition.

An important aspect of the takeover process that differs from a private acquisition is that once an intention to make an offer is announced, the acquiror is obliged to follow on with the offer itself (unless very specific conditions are laid out from the start to permit the acquiror to cease its interest). Where an acquiror does make a statement that it doesn't intend to make an offer, they can also expect to be prohibited from making a fresh approach for a period of time.

Additionally, there's no ability to obtain warranties regarding the target from shareholders. With the need to maintain secrecy in the run up to an offer, the target can restrict the amount of due diligence that can be carried out and the acquiror may be restricted to reviewing publicly available information.

Given the constraints on due diligence and ability to engage with stakeholders of the target (for instance debt providers) it's important to consider the impact of this on the financing of a potential takeover.

Acquiring a private company or business

Principles of the deal

It's important to:

- understand the principles of acquiring a private company or business
- consider valuation
- determine how to negotiate your deal
- structure the deal to align with your strategic goals

Typical process

Most medium-sized UK businesses will appoint a financial adviser to represent them as part of a sale process. This will mean that there will be some form of marketing document, often called an Information Memorandum, which provides an overview of the business, operations, people, and financials. In the UK it's typical for interested parties to submit a non-binding indicative offer based solely on the Information Memorandum.

This offer should highlight the headline price for the business (enterprise value) on a debt-free, cash-free basis, ie, the price of the business irrespective of its capital structure. Adjustments to the purchase price to take the existing capital structure into account are negotiated and agreed during the due diligence process to derive an equity value for the shareholders of the company being acquired.

Even in scenarios where there isn't an adviser representing the company, acquirors will still need to be willing to give a non-binding indicative offer or letter of intent (LoI) prior to carrying out any due diligence on a target business.

Before spending substantial amounts of money and/or time on due diligence it's important to have reached broad agreement on the terms of a deal in the form of a LoI or 'Heads of Terms'.

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Due diligence

In considering any acquisition, an acquiror should ensure they carry out sufficient due diligence on the target company. This can span financial, commercial, operational, management, tax, and technical due diligence and is often carried out by several third parties. The applicability of each of them will be dependent on the sector, size, and scale of the business in question and the scope of the various advisers should be tailored accordingly.

Completion mechanisms

There are two main ways of closing a deal: completion accounts or locked-box accounts. Completion accounts means that all adjustments to the enterprise value are based on estimates and then after completion of the transaction, the numbers are prepared, and a true-up payment made.

A locked-box mechanism is when a set of accounts is drawn up to a historic date, which then allows for both sellers and buyers to diligence and agree these numbers ahead of completion. This means that the price paid at completion is the closing price and there are no later adjustments or payments to be made. Usually, a value accrual between the locked-box date and the completion date adjusts for the cash profit or loss between the two dates. This is by far the most common method of completion in the UK market and one that any overseas acquiror should be prepared to consider as part of their acquisition strategy. Further details, including best practice, can be found on the ICAEW website.

Deal documentation

The actual legal part of the acquisition is set out in the sale (or share) purchase agreement (SPA) and the disclosure letter.

In addition, where external funding is needed, loan documentation and a subscription agreement, where equity funding is provided, will also need to be completed as part of the entire process.

The SPA will outline the terms under which the deal is carried out, such as the purchase price as well as warranties and indemnities. Warranties are general statements made by the selling shareholders about the business which they consider to be true.

These warranties are accompanied by a disclosure letter where the selling shareholders will show to an acquiror any such instances where these statements aren't entirely true/ correct. An acquiror can make a claim under the SPA, where these warranties aren't true and there is no associated disclosure in the disclosure letter. Details of the conduct of any claims (how to claim) are included in the SPA.

Indemnities cannot be disclosed against. They're specific statements which, if found out to be false, have specific quantified amounts associated with them which the acquiror may claim.

Taking out warranty and indemnity insurance as part of the diligence process has recently become relatively commonplace in the UK, from both buyers and sellers. These insurance policies take the place of the seller's in respect of any claims.

Overseas acquirors should consider allowing vendors to utilise such policies as part of any UK acquisition.

Tax considerations

Be aware of tax implications. Tax indemnities should and commonly will be included in the purchase agreement to protect against potential tax liabilities arising from the acquisition.

Other considerations

Other areas to consider as part of the process include the legal structure of the acquisition and the legal system that it happens under. Most UK acquisitions will happen under English law. There are also some clearances that can be applicable in the UK, such as tax, the National Securities Act, and in some instances, competition, where it might be considered the acquisition reduces competition in a particular area. A legal advisor will be able to aid with this.

Listing on a UK Stock Exchange

The UK has an internationally leading capital market with deep pools of capital available for investment. Consequently, many companies choose to list equity and/or debt on a UK stock exchange.

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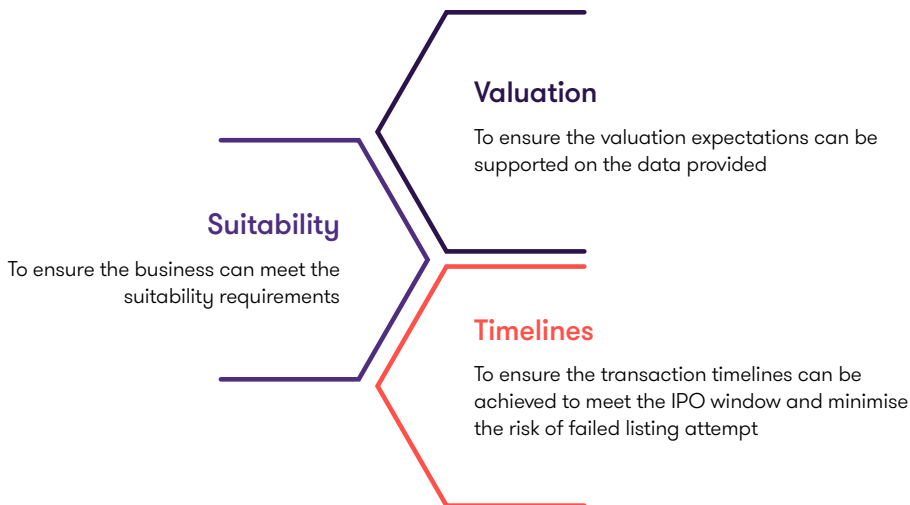
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Initial public offering

Types of listing

There are different stock exchange venues for companies who are looking to go public in the UK. Typically, companies will be looking at:

- AIM: the UK's growth market, which is regulated by the London Stock Exchange
- Main Market High Growth Segment: specifically designed for mid-sized, high-growth UK and European companies
- Main Market Standard Segment: part of the Financial Conduct Authority's (FCA) official list, where companies are subject to core standards
- Main Market Premium Segment: part of the FCA's official list and subject to the highest standards of corporate governance

Each of these different trading venues has its own eligibility requirements and continuing obligations regimes which need to be considered to decide the trading venue for a company. We have experience of all the market segments and are a nominated adviser for AIM.

Flotation process

It's important to familiarise yourself with the flotation process, including the roles of sponsors / nominated advisers, lawyers, and reporting accountants. Selecting the right external team is one of the most important steps in taking your company public and, as an experienced independent financial adviser, we're well-positioned to support you on both the choice of venue and the advisers you'll need.

It's increasingly important for companies to prepare appropriately for a listing in advance of the formal process. IPO readiness supports a business to achieve these key objectives and we can discuss all aspects of this and offer pragmatic support throughout the IPO journey and beyond for companies once they're on the market.

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Continuing obligations

A company must follow continuing obligations to keep its listing. All the UK markets are principally disclosure driven in that companies must disclose information which may affect an investors assessment of the company as and when new information arises. This includes information on trading performance, financial position, and market conditions.

Depending on the exchange, there are added specified disclosures which will include annual and half-yearly financial statements, disclosures relating to changes in capital structure and the board, and transactions which the company enters.

It's expected that companies will follow a code of corporate governance, typically either the UK Code of Corporate Governance or QCA Corporate Governance Code. These set out standards relating to board composition, shareholder communication, and the control environment within the company.

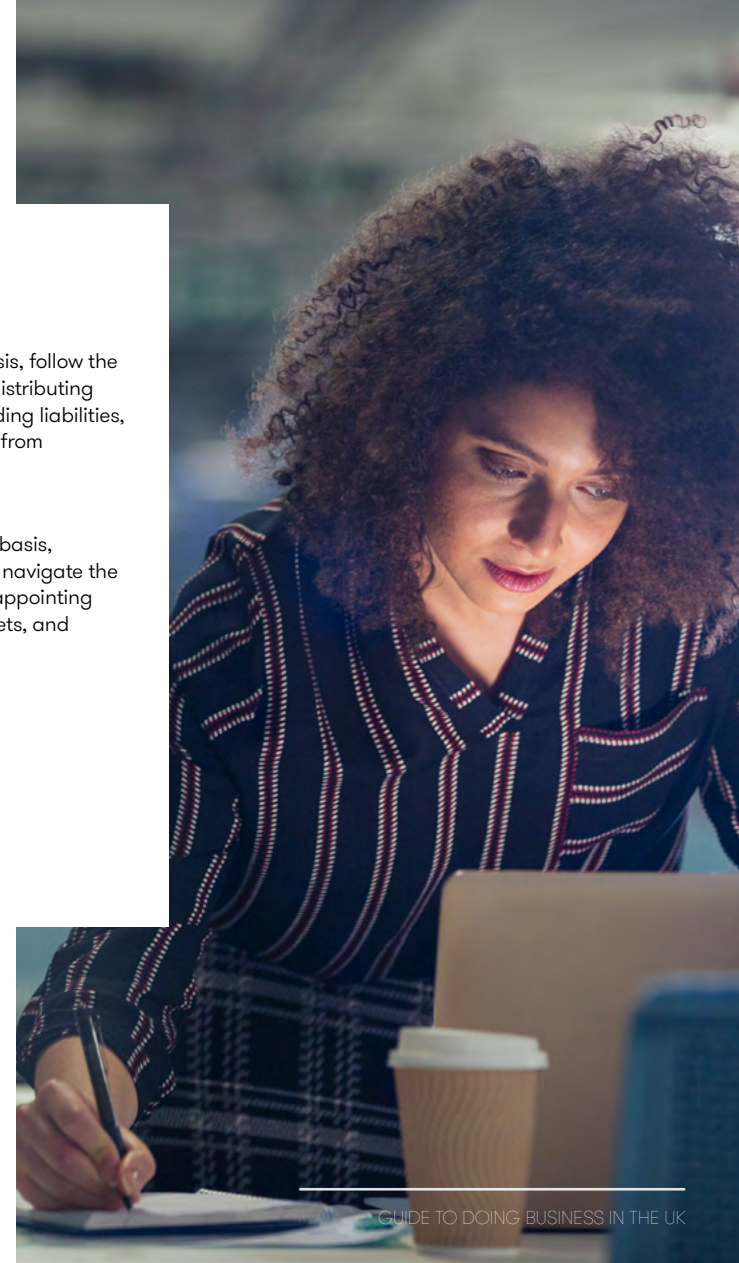
Closing a UK business

Solvent winding up

If closing a UK business on a solvent basis, follow the proper procedures, which may involve distributing assets to shareholders, settling outstanding liabilities, and obtaining the necessary approvals from stakeholders.

Insolvent winding up

If closing a UK business on an insolvent basis, consult with insolvency professionals to navigate the insolvency process, which may involve appointing an insolvency practitioner, realising assets, and managing creditor claims.



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Financial reporting and the UK regime

The UK has a well-established and robust regulatory environment for financial reporting. It's essential for businesses operating in the UK to follow applicable regulations and standards to ensure transparency and accountability.

Here are some key aspects to consider:

Regulatory environment

The regulatory environment in the UK is overseen by several bodies, including the Financial Reporting Council (FRC), the Prudential Regulation Authority (PRA), and the Financial Conduct Authority (FCA). These bodies are crucial in setting and enforcing accounting, auditing, and reporting standards across different sectors.

Accounting and audit requirements

UK businesses must prepare and file financial statements following the generally accepted accounting principles (GAAP). The Companies Act 2006 lays down the legal framework for financial reporting and disclosure obligations. Depending on the size and nature of the business, different accounting standards may apply, such as the International Financial Reporting Standards (IFRS) for larger companies.

Auditing is an essential part of the financial reporting process in the UK. Companies must generally appoint a registered auditor to conduct an annual audit of their financial statements, ensuring compliance with auditing standards and supplying assurance to stakeholders.

Consumer credit

If your company engages in lending or offers credit facilities to consumers, it's essential to be aware of the Consumer Credit Act 1974. This legislation regulates various aspects of consumer credit, including licensing requirements, disclosure obligations, and consumer protection measures.

Money laundering regulations

To combat money laundering and terrorist financing, the UK has implemented money laundering regulations. These regulations obligate businesses to implement robust anti-money laundering (AML) and counter terror financing (CTF) policies, procedures, systems and controls. This includes conducting customer due diligence, record-keeping, and reporting suspicious activities to the relevant authorities. The Joint Money Laundering Steering Group (JMLSG) provides useful guidance.

For more guidance, reach out to:



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Head of Business Process Outsourcing



Tom Townson

Partner, Head of Financial Crime



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There's been a lot of activity to improve the UK's financial crime framework. Recent changes are set out in the Economic Crime and Corporate Transparency Act 2023. Of particular interest is the creation of the new 'Failure to Prevent Fraud' offence, which is a new strict liability offence similar in nature to the existing bribery and tax evasion offences.

Financial sanctions

Like many other countries, the UK has a framework of financial sanctions to restrict dealings with specific individuals, entities, or governments. Businesses must stay informed about these sanctions, follow relevant restrictions, and ensure adequate controls are in place to prevent any inadvertent breaches. Financial sanctions are implemented and enforced by HM Treasury, through the Office of Financial Sanctions Implementation (OFSI).

Data protection

Businesses operating in the UK must follow the General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018. These regulations govern personal data collection, use, and processing and impose obligations on businesses to protect individuals' privacy rights. It's important to have robust data protection policies and procedures, including obtaining proper consent and implementing security measures.

Bribery Act 2010

The Bribery Act 2010 establishes the four offences of bribing another person, receiving a bribe, bribing a foreign public official, and corporate failure to prevent bribery. Businesses must have adequate procedures in place to prevent bribery, including training employees, implementing anti-bribery policies, and conducting due diligence on business partners.

Financial services regulation

If your company operates in the financial services sector, it's subject to added regulatory requirements. The FCA is the primary regulatory authority overseeing financial services in the UK, enforcing compliance with regulations, such as the Financial Services and Markets Act 2000. Understanding and following these regulations is essential to keep the necessary licenses and meet ongoing reporting and compliance obligations.

Corporate governance

The UK significantly emphasises corporate governance to ensure accountability, transparency, and responsible business practices. Companies are encouraged to adopt the UK Corporate Governance Code and follow its principles to enhance their governance frameworks.

“

The global outreach and experience in different accounting policies on an international stage made working with Grant Thornton not only hugely beneficial but also centralized the process to one knowledgeable company. Their professionalism, knowledge and quality were instrumental in allowing us to successfully complete each requirement by their respective deadline and resulted in us successfully listing on AIM as a US company.”

Luke Burtis,
tinyBuild Inc, Founder

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Useful resources

This guide shows you how to do business in the UK. To really understand what's right for you get in touch with us or explore specialist support from the UK Government, HMRC, or regional hubs listed below.

Freeports

Freeports in the UK - www.great.gov.uk international

Accessing government support

Setting up in the UK: www.great.gov.uk/international/content/investment/how-we-can-help/

Locations

South - www.great.gov.uk/international/content/investment/regions/south-england/

Scotland - www.sdi.co.uk/invest-in-scotland

Wales - www.tradeandinvest.wales/

Midlands - www.midlandsengine.org/

North East - www.investnortheastengland.co.uk/

Northern Ireland - www.investni.com/

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Office for National Statistics: www.ons.gov.uk/

UK financial reporting and UK regime

Joint money laundering steering group: www.jmlsg.org.uk/

Get in touch for tailored advice



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