



UNITED KINGDOM

United Kingdom - Common law

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Incorporating a company in United Kingdom

United Kingdom taxes

If you want to incorporate a company in United Kingdom, reading this will help you becoming knowledgeable on the specific tax laws and rates for a LTD, which is the most common company structure in United Kingdom.

United Kingdom taxes corporate worldwide income. The prevailing estimated tax rate for offshore income, from our research, and your results may vary, is 19%. However, a Corporation may elect to be not taxed on their foreign branches profits and most foreign-source dividends are tax-exempt. Taxes are reasonable in United Kingdom as the headline corp. tax rate is 19%. Increased rates may apply for companies conducting oil, gas, banking or insurance activities. Multi-national companies that are deemed to create a tax benefit by using transactions or entities abroad that lack economic substance may be subject to a Diverted Profits tax of 25%. United Kingdom ranks 65th overall in terms of corporate tax rate worldwide.

The VAT rate in United Kingdom is 20.00%, that ranks United Kingdom as 134th overall in terms of value added tax rate worldwide. In terms of other taxation, an employer will contribute 13.80% to the equivalent of a social security fund and an employee will contribute 12.00%. This is measured by average time to comply with a country's labor tax requirements as it is 48 hours. Contributing to this is the number of yearly labor tax payments, which is 1 in GB.

Thin cap laws are in play. This refers to any type of restrictions on a business and the debt-to-asset ratios. Dividends received from resident or non-resident entities are generally tax-exempt, with no minimum ownership period and no minimum ownership level requirements. Dividends are distribution of a portion of company earnings, determined by the board of directors, to a particular class of shareholders. Dividends can be issued as cash payments, shares of stock, or other property.

Capital Gains are subject to Corporate Income Tax. However, an exemption may apply to capital gains from the disposal of shares from both UK and foreign subsidiaries, provided that the selling company has continuously owned at least 10% of share for at least 12 months of the 24 months before the transaction, among other conditions. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

Dividends are not usually subject to withholding tax. This means that dividends paid to non-residents may not be taxed, unless dividends are paid by a Real Estate Investment Trust from its tax-exempt rental profits, which may be subject to a withholding tax rate of 20%. The interest withholding tax rate is estimated at 20%. Which means that the taxman expects legal entities to automatically withhold 20% of payments abroad on interests. The royalties withholding tax rate is 20%. This should be interpreted that usually the tax authorities expects legal entities to pay tax on at least 20% of royalty payments offshore. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in United Kingdom. There are inheritance, transfer and property taxes in United Kingdom. There are popular and well known research and development tax relief in United Kingdom.

The above is not tax or legal advice for your particular facts and circumstances. Incorporations.io can point you to an expert in United Kingdom who can answer all your questions. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in United Kingdom is 20% which ranks 134 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✓ **Transfer taxes**

- 142 Tax treaties**
- 19% Offshore Tax**
- 19% Corp rate**
- 1 Loss carryback years**

United Kingdom Legalese

The underlying legal code in United Kingdom is common law law. Common law makes for a easy corporate setup. One is permitted to electronically sign documents.

The country code GB is for United Kingdom and the most common company structure in United Kingdom is a LTD.

When setting up, budget about 1 Day to incorporate a LTD in GB. The min share capitalization is 0, This means you don't have any minimum share capital. The types of currencies you can use to capitalize your business is frequently GBP and any legal tender.

Redomiciliation is not common. One is typically not permitted to change the jurisdiction.

There must be at least 1 shareholder. This makes it possible for you to own a LTD in GB by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is permitted, up to 100% of the ownership of the legal entity.

A legal entity is only required to have one director. Moreover, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in United Kingdom.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an office which can receive litigation or other legal process on behalf of the company. A related requirement, a company secretary is not always necessary, at least not by law.

There is a requirement to file accounts to relevant authorities. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think United Kingdom is a good option and have given it a score of 90 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 1 Day to form**



UNITED KINGDOM

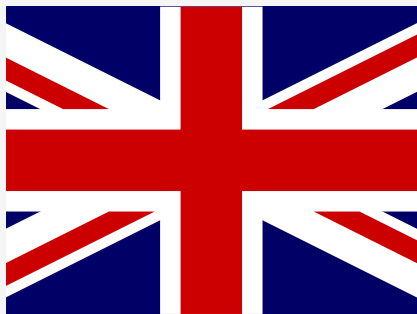
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Country Info



🏴 National Flag of

**United Kingdom of
Great Britain and
Northern Ireland (eng)**

\$ Currency

GBP

☎ Area Code

+44

🏰 Capital

London

✈ Region

Northern Europe

🌿 Native Languages

English