How to form…

BRANCH
UK Establishment of Overseas Companies

SEVERAL OPTIONS TO DEVELOP YOUR ACTIVITY ABROAD

Non Stable Establishments – Only for representation purposes

1) The UK Employer status
This status provides an "Employer" number in the UK without having a company registered. Therefore, this status allows hiring staff representative in the United Kingdom acting on behalf of the Parent Company and traces all necessary feedback & data to its development. The UK Employee cannot be responsible for the whole commercial cycle or the Parent Company may risk a tax requalification.

2) The Liaison Office / Representative Office
Since 1st October 2009, this form of representation no longer exists as such in the UK – Ref :The Overseas Companies Regulations 2009/1801.

Stable Establishments – English GAAP compliance

3) The Subsidiary
A British registered company whose paid up capital is partially or fully owned by the parent company (ref: How to form Private Limited Company). Submitted to English laws & taxation, Cf Companies Act 2006.

4) The Branch called "UK Establishment"
Foreign Establishment - No paid up capital in UK. Submitted to English laws & taxation. Submit the consolidated accounts with Companies House. Cf The Overseas Companies Regulations 2009/1801.

5) The Fiscal Representative/Agent: Its role is to represent the Foreign Parent company for Tax & VAT issues when a stable establishment is not registered locally & when business transactions are requiring Tax & VAT to be declared locally.

THE BRANCH

Legal Aspects

Once the branch is set up, it will receive a **Certificate of Incorporation** and a Registration number, like all English companies. The registered number will be prefixed with BR (for Branch).
The Director of the branch does not have to be a UK resident or a UK national (so the Director of the Parent company can also be the Director of the branch).
The name of the Branch can be different from the Parent Company name : Business name regulation.
To establish a branch, no Paid up capital is required as the entity is linked to the Parent Company Paid up capital. Therefore, the Parent company is legally responsible for the Branch.

Fiscal and Accounting Aspects

- The branch will have to obey & respect English Laws , accounting rules and Taxation.
- The branch must have its own accounts booked into a UK Accounting software approved by the HMRC. The accounts must strictly obey English Laws. It is important to note that English accounting methods differ from their French counterparts (accruals, tax deductions…) In order to ease the integration of the British Trial balance into the accounts of the Parent company at Financial year end, the British accounts must be set up in harmony with the accounts of the Parent company (mapping). Consolidated accounts will have to be filed UK Side as well.
- VAT registration is not automatic. The Branch will have to apply for it if necessary or if the Threshold is reached. Debit schemes (MTD)

Social Aspects

Common Rule
Social security charges must be paid in the country where the employees are based (ROME Convention - still applicable post brexit).
If the Branch recruits in the United-Kingdom, the employees must be declared in the United-Kingdom and social contributions must be paid in the United-Kingdom *(cf: Main Issues: Recruitment).*

Exceptional case :"posted worker"

Trade and Cooperation Agreement (TCA)
The EU-UK **Trade and Cooperation Agreement or TCA** describes all the agreements made between the EU and the UK from 1 January 2021 (Post Brexit) . This includes agreements on posting employees. In most cases, your posted employee will need a visa to work in the UK.
Please refer to the https://www.gov.uk/check-uk-visa to check what kind of visa your employee will need depending on his/her specific situation.

EU Settlement Scheme (settled and pre-settled status)
The EU settlement scheme is designed to offer EU, non-EU EEA and Swiss citizens living in the UK before the end of the transition period (see Brexit - immigration), and their eligible family members, the opportunity to maintain their UK residency and continue to work & live there after the transition period has ended.
"Settled status will grant a person the same rights to healthcare, education, benefits and pensions as a British citizen."
Please also refer to the Home Office report : " **Representatives of overseas businesses"** version 18.0 & www.gov.uk / settled status.

Documents to be provided

1) Concerning the Parent Company
- Documents of incorporation from the Parent Company Certified translation in English)
- Activity of the Parent Company
- List of directors / Confirmation statement
- Proof of registered address (utility bill)

2) Concerning the Director(s)
- Certified document proving his/her identity
- Proof of his/her place of residence
- Not disqualified
- Minutes certifying the appointment of the Director in the United-Kingdom and the scope of his/her powers.

3) Concerning the branch
- Certificate of domiciliation or Lease (address in the United-Kingdom)
- Corporate Profile concerning the branch's activity .

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