SEDI

PRIVATE LIMITED COMPANY - LTD

How to form...

SEVERAL OPTIONS TO DEVELOP YOUR ACTIVITY ABROAD

<u>**Non Stable Establishments – Only for representation purposes**</u>

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.

<u>**Stable Establishments – English GAAP compliance**</u>

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 PRIVATE LIMITED COMPANY

The Private Limited company :

- Is a Legal entity separate from the people who run it
- Has separate finances & Bank account than its shareholders & Directors.
- Can keep any profits in retained earnings after paying Corporation tax.

<u>**Incorporation Key facts :**</u>

- **Director** : Your company must have at least **one director,** who has to be over 16 years of age. Another company can be a director, but at least one of your company's directors must be a physical person. **Directors** do not have to be resident in the UK or UK Nationals. Directors will have not to be disqualified from being a Director.

- **Company Secretary** : it is not required any more to appoint a Company Secretary. However, in large Firm, a Company Secretary can be appointed to maintain Minutes & Registers up to date & provide usual company secretarial services.

- **Capital** : - Commonly minimum is 100 GBP registered
  - 1GBP minimum as paid up
  The Bank account can be opened after the company registration for the deposit of the Paid Up capital.

- **A physical address in the UK** - The registered address can be domiciled in a Business centre, or be the Home address of the Company Officers.

- **The social object / activity** of your UK Company can be very wide and diversified. Only the SIC Code disclosed to the Companies House will reflect your real company activity.

- **Shareholding** : When you register a company you need to provide information about the shares : nominal value and rights attached to the shares, as well as Shareholders details : Company(ies) or physical individuals.

Shareholders' contributions may be of various types :

Ordinary shares are very closed to the shares we subscribe in a French SARL. The number of shares corresponds to the exact same voting power, and to a permanent percentage in the dividends when issued.

Preference shares do not allow the shareholder to a voting power, but entitle this person to receive the equivalent percentage of dividends that will be paid up in priority when despatching dividends among the various shareholders.

- **Registered name / Business name** : The registered name will have to be available . The Business name can differ from the Registered name of the company. Specific rules applies.

When all those Key facts are set, then the Memorandum & Articles of the new Company can be drafted - Standard Model Articles are available and can be provided by the Companies House. Your company can be registered within 48 Hours online provided the form **"IN01 Application to register a company"**

<u>**Bookkeeping, VAT & Taxation & returns :**</u>

UK Firms have to maintain accounts & use **UK Accounting softwares** approved by the HMRC (Tax Office) to allow the automatic transfer of Datas to the HMRC (MTD). Now mandatory.

Once the company is established and the Bank account opened, then the new company has to be registered with the HMRC. The company will need to apply for **VAT registration** if needed (Threshold to be checked). **Accounts & CT600** will have to be filed within 9 months after Accounting Year end every year.

The Confirmation Statement will have to confirm the legal Key facts of the Company to the Companies House, every year as well.

SHOULD YOU NEED ADVICE OR ASSOCIATED SERVICES: PLEASE CONTACT US!

UK
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