

BUSINESS GUIDE: SETTING UP IN THE UK

REGISTERING WITH HMRC

- ✓ CORPORATION TAX
- ✓ VAT
- ✓ PAYE (EMPLOYMENT TAXES)

This business guide is brought to you by the Swedish Chamber of Commerce for the UK in partnership with SCC member firm Entreprenör. This information is for guidance purposes only and should not be regarded as a substitute for taking legal advice.

REGISTERING WITH HMRC

Her Majesty's Revenue and Customs, HMRC, is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support and the administration of other regulatory regimes. This guide will lead you through the vital considerations when registering your company with HMRC, including those regarding corporation tax, registering for and paying VAT, and registering your company as an employer.

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CORPORATION TAX



VAT



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CORPORATION TAX

HMRC are automatically informed about all new company registrations and will confirm your Corporation Tax number. Thereafter it must be confirmed as to whether the company is trading or dormant.

Failure to advise HMRC of dormant status will result in regular tax declarations. If you are a non-resident company setting up a UK establishment (branch) there is a requirement to register within 3 months of the date you become chargeable for UK Corporation Tax.



Corporation Tax rate: **19%**



Corporation Tax must be paid by the deadline, usually **9 months and 1 day** after the end of the company's accounting period.





VAT

An indirect tax applied to all business-to-business (B2B) and business-to-consumer (B2C) sales. The amount of VAT charged will vary depending on:

- ✓ Type of business receiving the goods/service
- ✓ Origin and destination countries of the goods/service
- ✓ Type of goods and services being sold

VAT REGISTRATION CERTIFICATE

A VAT registration certificate will confirm the following:

- ✓ VAT number
- ✓ Timings to submit VAT returns and payment
- ✓ 'Effective date of registration'



VAT RATES

20%	Most goods/services
5%	Some goods/services
0%	Zero-rated goods/services

REGISTERING FOR VAT

VAT is chargeable if the company is making supplies (sales) above a certain threshold (currently £85,000 pa). Voluntary registration is possible if you are below the threshold, and it's usually advisable for subsidiary type companies to register, otherwise the company cannot make any reclaims. VAT can also be reclaimed on certain purchases made before being registered. If you register late, any amounts owed from when registration was required must be paid, and penalties may apply.

CHARGING VAT ON INVOICES

The company cannot charge or show VAT on invoices until a VAT number is issued and the invoice must state that VAT registration is pending. There are two options when issuing invoices:

- ✓ To avoid customers being undercharged, you increase your prices to allow for the VAT. Once registered, replacement invoices outlining the VAT portion must be issued to the customers.
- ✓ Issue the invoice without any VAT. Once the VAT number is received, then issue another invoice for the VAT element only.



VAT POST-BREXIT

The following are the scenarios (excl. Northern Ireland):

IMPORTS

VAT is applied to VAT- eligible Goods at the point they are in free circulation.

Goods exceeding a value of £135 - apply VAT to VAT-eligible goods

Goods below a value of £135:

- ✓ where Online marketplaces are involved in facilitating the sale, they are responsible for the VAT
- ✓ VAT applied at the point of sale, rather than applied as import VAT at customs.
- ✓ B2C transactions this UK VAT charged and collected by seller (option to ignore and leave consumer with clearing responsibility)
- ✓ B2B transactions the VAT will be reverse charged

EXPORTS

Goods sold to another country are zero-rated for UK VAT, regardless of whether B2B or B2C. This could mean businesses selling B2C to the EU need to register for EU VAT and appoint fiscal representatives depending on the requirements of the countries in which they sell.

You will need a UK EORI number to export goods out of the UK.



SERVICES

Place of supply rules apply and B2B sales of services generally subject to tax in the country of the customer and administered through reverse charge.

B2C sales of services will continue to be generally subject to tax in the country of the seller.





PAYE (EMPLOYMENT TAXES)

A company must register with HMRC as an employer the moment it hires the first employee. Registration should be done before the business makes its first payments, and it's advisable to do it in advance as getting the PAYE reference can take a while. If the company has foreign resident directors, it is required to contact HMRC directly, otherwise there is an online application option.

The registration process requires all employee details as well as those of the business. It is only after registration that the company can create a payroll system, prepare returns, pay the HMRC, and pay the employees.



SWEDISH CHAMBER OF
COMMERCE FOR THE UK

WE HELP BUSINESSES TO ESTABLISH, GROW AND DEVELOP

The Swedish Chamber of Commerce for the United Kingdom – a not for profit organisation – is the ultimate platform for entrepreneurs and businesses within the Swedish-British business community. Founded in 1906 – by business and for business – we have represented, inspired and promoted our members, extended commercial relations between our countries, and delivered first-class services and events for over a century.

We serve a broad and diverse network of businesses – from entrepreneurs and start-ups to large corporates, and passionately aspire to provide the most relevant and valuable services. We support businesses throughout their life cycle, whether they are expanding into the UK, developing their business or wanting to connect more widely within the community.

CONTACT



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entreprenör
your one-stop solution

ABOUT ENTREPRENÖR

Entreprenör provides a one-stop solution when entering into the UK market, covering all aspects from the legal framework, finance function, people management and virtual presence. Our mission is to ensure that Swedish owned companies are able to focus on their UK growth and strategy and do not get bogged down on operational matters. Our team provides the required operational support, thereby eliminating the need to hire your own local resources.

“As we have grown our business and employed more people entreprenör have always been there supporting us through the whole process. The ease working with entreprenör have given me time to focus on our core business and knowing you have someone taking care of the rest is a great relief. I feel 100 % trust in their work and would gladly recommend them”

Lintex AB – Anders Abelin UK Director

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