

## **UK Private limited company (UK LTD) Information**

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### **United Kingdom jurisdiction overview**

UK companies are one of the most popular vehicles for international trade and investment. UK entities are also low-cost when compared to companies registered in the other European countries, for example Luxembourg or the Netherlands

Directors and shareholders of a UK company may be corporate or natural persons, and may reside anywhere in the world. There is no minimum paid-up share capital requirement, and no capital duty in the UK.

Apart from the international respectability, the UK companies offer many tax efficiencies. There is a CGT exemption for holding companies, credit relief for foreign taxes underlying overseas subsidiary company dividends, and an absence of withholding taxation on dividends paid by UK companies to non-residents of the UK.

The UK's corporate tax rates are amongst the lowest in the world.

There are three types of UK companies:

- (a) company limited by shares ( private or public)
- (b) unlimited company
- (c) company limited by guarantee and having no share capital.

The most common form of a company registered in the United Kingdom is a **Private Company limited by shares** (UK LTD)

### **UK LTD information**

#### **Type of company:**

Private Company limited by shares (UK LTD)

### **Procedure to register**

Memorandum and Articles of Association are submitted to the Registrar to comply with the formation regulations, along with the Declaration of Compliance and Statement of the First Directors and Secretary and notification of the situation of the Registered Office

### **Time to register**

Electronic 24 hours registration available

### **Registered Office Required**

Yes and must be maintained in England or Wales

### **Restrictions on names**

Any name that already exists on the Register or is too similar to the existing name. Other restricted names include names implicating connections to the Royal family, political party, university, UK government or any names that may be considered as misleading or offensive. There is a list of sensitive names available upon request

### **Language of Legislation and Corporate Documents**

English

### **Type of law**

Common English law

### **Principal Corporate legislation**

The Companies Act 1985

### **Disclosure of Beneficial Ownership to Authorities**

No, but disclosure may in certain circumstances be required for accounting purposes (accounts must be filed and are available for inspection by the public)

## **Compliance requirements**

### **Taxation**

- UK resident companies

Corporation tax (which includes Capital Gains Tax) is paid by UK companies based upon accounts, which are submitted to the Inland Revenue and the Registrar of Companies at the end of the company's financial year. A company is free to choose its financial year-end. Companies pay corporation tax at the rate of 19% where the net profit before tax does not exceed £300,000 GBP.

The tax payable increases thereafter in stages until the net profit before tax reaches £1.5 million where the top rate of corporation tax is charged at the rate of 30%.

This rate (19% up to profit of £300,000) is much lower in comparison to other countries, making UK LTD an attractive tax vehicle for international trade.

Corporation tax on profits - £ per year

Rate	2006-07	2007-08 - estimated and expected * not yet confirmed *
<b>Starting rate: 0%</b>	N/A	N/A
<b>Marginal relief</b>	N/A	N/A
<b>Small companies' rate: 19%</b>	<b>£0 - £300,000</b>	<b>£0 - £300,000</b>
<b>Marginal relief</b>	£300,001– £1,500,000	£300,001–£1,500,000
<b>Main rate: 30%</b>	£1,500,001 or more	£1,500,001 or more
<b>Non-corporate distribution rate</b>	N/A	N/A

- UK non-resident companies

UK companies which place of effective management and control is located in a country which has ratified a double tax treaty with the UK will be considered non-UK resident for UK tax purposes (s249 FA 1994).

Treaty countries with low rates of corporation tax are: Cyprus, Mauritius or Malta, offering tax-efficient locations for the management of UK companies.

Prior to a UK company migrating its residence from the UK to another territory, the UK company must notify the UK Inland Revenue and obtain the Revenue's approval for migrating the company's arrangements. Any UK tax due from financial periods prior to the migration must be paid. For newly incorporated UK companies this should theoretically be a straightforward process, however this is not always the case in practice.

If a newly registered company does not obtain a special ruling from the UK authorities, it is considered tax resident and must pay taxes on its worldwide profits, does not matter where generated.

### Double Taxation Treaties

Yes and has signed DDT agreements with most countries in the world

### Authorised and Issued Share Capital

Minimum Authorised Share Capital is £1.00 and the minimum issued capital is one share

### Classes of Shares allowed

Most common are ordinary shares, but companies can also issue preference shares, deferred shares, redeemable shares and shares with or without voting rights

### Directors

The minimum number of directors is one and they may be natural persons or corporate bodies and they may be of any nationality and do not need to be resident in the UK

### Company Secretary

Required and may be a natural person or corporate body resident anywhere in the world

### Shareholders

The minimum number of shareholders is one and they may be natural persons or corporate bodies and they may be of any nationality and do not need to be resident in the UK

## Financial Statements/Accounts

There is an official requirement to file accounts with the authorities in the UK, but companies of which the annual turnover does not exceed £5.6m GBP, are not required to file independently audited accounts and in such cases the directors must self-certify the accounts

## Summary Corporate information

<b>Summary Corporate information</b>	
Type of entity:	Private limited company by shares (UK LTD)
Type of law:	Common
Time to register the company	Electronically
Minimum government fees	Not applicable
Corporate taxation	19-30%
Double taxation treaty	Yes
Shelf companies	Available
<b>Share capital</b>	
Standard currency	GBP
Minimum paid up	£1 GBP
Standard authorised	£1,000 GBP
<b>Officers</b>	
Directors	One
Local required	No
Shareholders	One
Secretary	Yes
Publicly accessible records	Yes
Location of meetings	Anywhere
<b>Compliance</b>	
Accounts	Required to prepare and file
Audit	Not required for companies not exceeding turnover of £5.6m GBP
Annual Return	Yes
Change of domicile	Permitted, but subject to ruling from the UK Inland Revenue