

wiggin

Establishing a corporate presence in the UK

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General

The most commonly adopted business structure in the UK is a private company limited by shares. We have set out a brief overview of some alternative business structures in paragraphs 0 and 0 below.

A private limited company has ‘separate legal personality’ to the directors and shareholders. This limits the liability of the shareholders to the maximum amount of the value of their shares in the company and this also means that the company itself can own assets and enter into contracts.

References in this note to the UK are references to the law for England and Wales. There are certain differences for companies incorporated in Scotland or Northern Ireland.

Regulation

The Companies Act 2006 is the primary piece of legislation governing UK company law and sets out provisions relating to matters such as directors’ duties (see “Company Directors” below), capital maintenance, distributions and shareholder rights, amongst many other things.

Bank account

Opening a UK bank account can be challenging for overseas-controlled companies and may require additional financial and identification checks. Some banks may require there to be a certain period of trading and/or a UK director.

Early engagement with a UK bank or financial adviser is recommended, as opening a new bank account in the UK can take time.

Incorporation

A company needs to be incorporated and registered with the company register for England and Wales in order to exist.

The incorporation of a new UK company can be carried out using a same day incorporation service (once the necessary information has been collated) and can be completed online. We have worked with a number of incorporation service providers, who can assist with completing and submitting the incorporation application, and would be happy to recommend a suitable provider and, if required, make an introduction.

To be incorporated, the company will need to provide certain information such as the company name, registered address in the UK (see “UK Address” below), details of directors (see “Company Directors” and “ID verification” below) and shareholders (see “Shareholders” below) and certain constitutional documents such as a memorandum and articles of association (similar to bylaws for a US company) (see “Memorandum and Articles of Association” below).

Company Name

The company must have a name which does not contradict any of the naming restrictions as available [here](#).

Registered Office Address and Registered Email Address

A company must have a registered office address in the same part of the UK in which the company is incorporated (i.e. England and Wales, Wales, Scotland or Northern Ireland). There are very few limitations as to the physical location, although a PO Box cannot be used.

The registered office address must be an address for which, in the ordinary course of events: (i) a document addressed to the company and delivered by hand or post would be expected to come to the attention of a person acting on behalf of the company; and (ii) the delivery of documents is capable of being recorded by an acknowledgement of delivery. The address does not need to be an address from which the company actually conducts business.

There are service providers who are able to provide a registered office address service if required, in exchange for an annual fee. We would be happy to provide a recommendation for a registered office service if required.

A company must also have a registered email address, which must be an email address for which, in the ordinary course of events, an email sent by Companies House would be expected to come to the attention of a person acting on behalf of the company.

Failure to comply with these requirements could lead to a fine and/or criminal sanction.

Company Directors

Private limited companies must have at least one director upon incorporation who is (i) a natural person, (ii) over the age of 16, (iii) with mental capacity, and (iv) has not been disqualified from being a director.

Legal persons (for example, corporate entities) can be directors of UK companies provided that the director requirements in paragraph 0 above is met.

Directors of UK companies owe certain fiduciary and statutory duties to the company. These include, amongst other things, duties of directors to act within their powers (as defined in the company's constitution) and to promote the success of the company.

On a day to day basis, a company is run by its directors but certain decisions will need to be made or approved by the shareholders (in accordance with UK company law).

Shareholders

Private limited companies must have at least one shareholder. Shareholders are also referred to as members of the company in the UK.

If a shareholder owns (i) more than 25% of the total shares, or (ii) more than 25% of the voting rights in the company, or (iii) the right to appoint or remove directors holding a majority of votes at a board meeting, they may be registered as a 'Person of Significant Control' (PSC).

If the PSC of the company is a non-UK entity or a non-publicly listed entity, it may be necessary to look further up the organisational structure and identify a PSC that is an individual or a publicly listed company.

The PSC register is publicly available at Companies House.

A company must also maintain a register of shareholders (referred to as the register of members), which lists their shareholdings. This register must be kept accurate and up to date; however, it is not publicly available.

ID Verification

The UK has introduced compulsory identity verification (IDV) for anyone setting up, managing or owning a UK company as part of the reforms under the Economic Crime and Corporate Transparency Act 2023 (ECCTA). These requirements applied from 18 November 2025, with a 12-month transition period for existing companies. A new UK company can now not be incorporated unless all proposed directors have had their identity verified, and individuals will be prohibited from acting as directors until verification is completed. Identity checks will also be mandatory for any PSC and LLP members, with timings broadly aligned to the director requirements.

ID verification can be completed in one of three ways:

- directly with Companies House using the GOV.UK One Login service (via mobile app or online);
- in person at a participating Post Office branch; or
- through an Authorised Corporate Service Provider (ACSP). Please note that Wiggin is not able to act as an ACSP. We have worked with a number of incorporation service providers and would be happy to recommend a suitable provider and, if required, make an introduction.

Once verified, individuals are issued with a unique personal code that must be provided whenever they incorporate a company, act as a director, or are recorded as a PSC. In most cases, verification is a one-off process that takes only a few minutes and remains valid for all current and future company roles.

Failure to complete ID verification on time will constitute a criminal offence, may result in financial penalties, and may prevent the company from making filings or appointing directors.



Governance

Memorandum and Articles of Association

UK companies must have a Memorandum of Association and Articles of Association.

The Memorandum of Association was previously a more detailed document, which was required to set out the “objects” for which the company was formed and the activities it could undertake. Following the implementation of the Companies Act 2006, the Memorandum of Association is a simple document containing a prescribed statement that the initial subscriber(s) wish to form a company and take at least one share each.

An incorporation service provider will have a standard form of articles that can be adopted from incorporation which will be suitable for a wholly owned subsidiary company. If more comprehensive and bespoke articles are required, please let us know if we can assist with this.

Shareholders Agreement

Depending on the size and nature of the share capital and the shareholder base of a company, it may be advisable for shareholders to enter into an agreement to regulate and dictate the terms of how they interact with each other and the company.

This agreement will be between the shareholders as individuals and also, typically, with the company.

If required, please let us know and we can advise on the suitability and structure of any potential shareholders agreement.

Filing Requirements and Company Registers

UK companies need to keep Companies House updated with certain material changes to the company and must also file a ‘confirmation statement’ on an annual basis confirming any updates to the ownership and directorships of the company.

UK companies must keep accounting books and records and prepare and publish their accounts on an annual basis. Depending on the size of the company, such accounts may also have to be audited.

UK companies are also required to maintain certain statutory registers by the Companies Act 2006. These registers include, among others, a register of members, register of directors and secretaries, register of charges and a register of persons with significant control.

Failure to keep accurate and up to date registers can result in fines and penalties for the company and its directors.

An incorporation service provider will also typically provide a company secretarial service that will manage any Companies House filings and updates to the company registers, in exchange for an annual fee.

Data Protection

Companies in the UK are subject to UK data protection law including the Data Protection Act 2018 (DPA) and UK GDPR. The latter legislation is similar to but not the same as the EU GDPR.

UK GDPR applies to companies which (1) operate within the UK, or (2) outside the UK but process the data of people within the UK.

EU GDPR applies to companies which process the data of people based in the EU.

Depending on a company's client base, it is likely that they will be beholden to both UK GDPR and EU GDPR.

Under the DPA, a company which handles and/or processes personal data in the UK must register with the Information Commissioner's Office (ICO). Failure to do so is a criminal offence. Once registered, the company will receive a certificate of registration. It is important for each subsidiary to have their own certificate of registration, there cannot be one central registration with the parent company.

Intellectual Property

If helpful, we would be happy to arrange a discussion with our IP team to discuss your proposed name / brand and associated trademark and related protections. We can also talk through the key considerations for trade marks, including (i) signs able to be registered, (ii) relevant classes to reflect commercial exploitation services, and (iii) territorial expansion.

Failing to consider IP matters at the outset of company formation can create significant risks for the business. As the company grows or expands, you may later discover that its name, branding or other assets infringe a third party's intellectual property rights. This can lead to the need for a costly and potentially disruptive rebranding exercise, and in some cases may expose the company to infringement claims or other legal action.



Employees

Any company (whether a UK company or an overseas company registered in the UK) with employees in the UK must have employers' liability insurance with an authorised insurer which provides at least £5 million of cover.

The company will need to enrol eligible employees into a qualifying pension scheme. Most employees working in the UK will be eligible to be enrolled. There are various pension providers who manage qualifying pension schemes and can assist the company in complying with its pension obligations. Pension contributions must be a minimum of 3% of the employee's pay (employer contributions) and 5% of the employee's pay (employee contributions).

Eligible employees are entitled to be enrolled into a pension scheme from day one of their employment, though the company can elect to postpone enrolment for up to three months by writing a postponement letter to the eligible employee.

The UK has a minimum wage which is updated around the 1 April every year and the current national rates are available [here](#).

If the company intends to employ individuals who do not have the right to work in the UK, we can provide specific UK visa and immigration advice.

UK Employees (but not contractors) have certain statutory employment rights, including, but not limited to:

- statutory minimum notice;
- statutory sick pay;
- holiday entitlement (which must be equal to or more than 20 days plus public holidays);
- rest breaks;
- family-friendly rights (such as maternity and paternity leave and pay (subject to eligibility requirements));
- the right not to be unfairly dismissed (in the case of employees with over two years' service although this will reduce to 6 months service (currently planned from January 2027); and
- the right to a statutory redundancy payment (in the case of employees with over two years' service).

Employees and contractors also have the right not to be discriminated against – the specific protections these individuals will be entitled to will depend on their employment status.

Tax

All companies incorporated in the UK must register with HMRC for tax purposes and are responsible for submitting their own tax returns.

The tax year in the UK begins on 6 April and runs until 5 April the following year.

If a company is incorporated using the online filing service at Companies House, it will automatically be registered with the UK tax authority, His Majesty's Revenue & Customs (HMRC). If a company is incorporated by completing the form IN01, the company will need to register with HMRC within 3 months of incorporation.

If an overseas company is registered in the UK, the UK presence will be subject to corporation tax if its central management and control is in the UK (see below).

UK corporate tax residency

Since there is no statutory test for UK tax residence under UK law, whether a company is resident in the UK for tax purposes is determined by English case law.

Under the relevant case law, there is an assumption that a UK incorporated company will be UK tax resident and, the board of directors are considered responsible for managing and controlling the affairs of a company. Case law dictates that a company is UK tax resident if its 'central management and control' is exercised in the UK.

HMRC's view of the caselaw on central management and control is summarised in their guidance and we can provide more detail on this area if required.

UK permanent establishment

In circumstances where a non-UK company has a fixed place of business through which its business is wholly or partly carried out, then there is a risk that the non-UK company could have a taxable presence in the UK.

It should be noted that if a non-UK resident company controls a UK resident subsidiary, that UK subsidiary will not be regarded by HMRC as a permanent establishment of the non-UK resident parent company by virtue of that relationship alone¹. Instead, analysis under the UK's permanent establishment regime (as detailed above) would need to be undertaken.

A non-UK company will have a permanent establishment if (inter alia) it has a fixed UK place of business through which its business is wholly or partly carried on. A fixed place of business includes any place of management, branch or office. The existence of a UK subsidiary would not create a 'fixed place of business' for the parent company. Instead, the UK subsidiary would generally be subject to UK taxes separately on its profits.

¹ <https://www.gov.uk/hmrc-internal-manuals/international-manual/intm153060>

Corporation Tax

UK companies are subject to corporation tax which taxes income and capital gains made on certain disposals.

A UK subsidiary of an overseas company will (like other UK companies) be subject to corporation tax on its worldwide profits and capital gains. The benefit of the "small companies' rate" of tax (currently an effective rate of between 19% and 25%) may be available depending on the number of associated (non-dormant) companies within the worldwide group. The subsidiary will generally be eligible for the benefits of the UK's extensive network of double tax treaties – around 100 (provided it is tax resident in the UK: see above).

Any trading losses can be:

- set off against other profits and gains, including capital gains, arising in the same period;
- carried back and set off against other profits and gains, including capital gains, in the previous accounting period;
- carried forward indefinitely and set off against profits arising in the same trade; and
- surrendered by way of "group relief" to other members of the UK group who can use them to set off against trading profits arising in the same accounting period.

If a business in the UK is initially likely to be loss making, there may be advantages to establishing a branch rather than a subsidiary, as it may be possible to obtain immediate relief for the losses in the parent company's country of residence.

VAT

If a UK company, or an overseas company registered in the UK, sells taxable supplies of £90,000 or over, they must also register with HMRC for value added tax (**VAT**). VAT is payable on the supply of most goods and services in the UK by a taxable person (a person who is registered, or should be registered, for VAT purposes). VAT is also payable on the import of goods from outside the EU and on the acquisition of goods from other member states of the EU. Certain supplies are exempt from VAT, the most important of which relate to finance, insurance, education, health and some supplies of land.

The VAT rate is currently 20% for standard-rated supplies but supplies can also be exempt or zero-rated depending on the nature of the business.

Companies can deduct the VAT they pay against the VAT they have received prior to paying and submitting their tax return.

A VAT liability can arise under the "reverse charge" provisions where a UK business receives certain supplies of services from abroad. Problems can arise where an employee is seconded by a non-resident employer to a UK resident subsidiary. The UK subsidiary will be deemed to have supplied the services of the employee to itself for a consideration equal to the consideration paid for the employee's services and will have to account for VAT. The VAT should be recoverable if it makes taxable supplies, but if it makes exempt supplies this VAT may not be recoverable and will be a real cost to the UK subsidiary.

Any branch or subsidiary of an overseas company carrying on business in the UK will have to register for VAT if its taxable supplies in the UK exceed the minimum registration threshold. In order to ensure full recovery of VAT input tax, a company should register as soon as possible. There may be some merit in voluntarily registering for VAT so that VAT incurred on office supplies, rent etc can be recovered.

Stamp Duty

Stamp duty at 0.5% is payable on the transfer of shares (and certain debt instruments) when the consideration is above £1,000.

Transfers of assets between companies which are members of the same 75% group, including overseas companies, may qualify for relief from stamp duty.

Distributing and repatriating profits

Withholding of tax is required in the case of some payments to non-UK residents.

Dividends are paid out of taxed profits. A company does not have to account for any tax when it pays dividends. If a shareholder is a resident in a jurisdiction which has a double tax treaty with the UK (e.g. the US), it may be entitled to a repayment from HMRC of a part of this tax credit subject to a withholding. However, for most countries, there will be no right to reclaim or the amount that can be reclaimed will be marginal.

Royalty payments made by a UK company are usually deductible for corporation tax purposes provided that they do not exceed a market rate. Tax at the basic rate must be withheld from royalty payments made to a non-resident. In contrast to the position for interest, where treaty relief from the withholding appears to be available, the UK company can (but it not obliged to) pay royalties gross with no explicit authority from HMRC, but the UK company will remain liable for the tax it should have withheld if it turns out that the treaty relief is not available. Anti-avoidance rules prevent excessive amounts of profit from being repatriated by way of royalty payments.

Transfer Pricing

Transfer pricing legislation enables HMRC to adjust a UK subsidiary's profits for corporation tax purposes, if it pays more than the market rate for goods or services provided by its overseas associates, or charges less than the market rate for goods or services provided to them. For cross-border transactions, the rules continue to apply in full. For transactions between two UK entities, a general exemption applies for periods beginning on or after 1 January 2026 where both parties are taxed at the same UK corporation tax rate and there is no risk of UK tax loss, subject to statutory exclusions (including certain financial services and ring-fenced activities). Companies may elect to apply transfer pricing in UK entity only transactions notwithstanding the exemption.

There is an exemption from the UK's transfer pricing rules that will apply for most small and medium sized enterprises ("**SMEs**"). For these purposes:

- a 'small' enterprise is a business which has no more than 50 staff and either an annual turnover or balance sheet total of less than €10 million; and
- a 'medium sized' enterprise is a business which has no more than 250 staff and either an annual turnover of less than €50 million or a balance sheet total of less than €43 million.

HMRC consulted in 2025 on revising SME thresholds/currency and on documentation/reporting (ICTS), but the SME exemption remains in place as at 1 January 2026 and any changes would follow further legislation and guidance.

Employment taxes

All companies with employees in the UK are subject to UK employment law and there are certain taxes, including 'Pay As You Earn' income tax and National Insurance Contributions ("NICs"), which an employer must deduct from employees' salaries. Companies must typically register with HMRC as an employer and set up payroll.

The PAYE rules apply almost regardless of who in practice makes the payment to the individuals. Even if a payment or other value transfer is made by a third party but is indirectly related to the services provided by the individual employee, the employer will generally be treated as making a notional payment and, therefore, remain responsible for operating PAYE and must account to HMRC for the employment taxes payable.

To the extent that any of the personnel engaged by a UK company are consultants, it will need to be considered whether the personnel are genuinely self-employed and therefore capable of being paid gross or whether they are 'deemed employees' for UK tax purposes.

In which case the company will need to operate PAYE and account for employment taxes to HMRC (there are specific UK anti-avoidance rules known as the IR35 Rules which apply where an individual provides services to a client through an intermediary, such as a personal service company or partnership, in circumstances where the individual would otherwise be regarded as a de facto employee or an officeholder of the client for income tax and NICs purposes).



Alternative corporate structures

As noted above, the guidance provided elsewhere in this note relates to incorporating a private limited company.

A business could also be run as a partnership, limited liability partnership (more common for investment funds or professional services firms) or, more rarely, a company limited by guarantee (more common for charities). These structures differ from a standard private limited company primarily in their purpose, liability model and tax treatment. We have set out a brief description of these alternatives below.

Alternatively, a company could be incorporated as a public limited company, but this is not a common approach upon entry into the UK market and so this note does not consider public companies further.

Partnerships

A partnership is an unincorporated business structure in which two or more individuals or entities carry on a business in common and share its profits, losses and management responsibilities. Unlike a private limited company, a partnership does not have separate legal personality, and the partners are therefore personally and jointly liable for the obligations of the business. Partnerships also offer significant flexibility and operate with minimal regulatory or filing requirements, as profits are generally taxed directly on the partners rather than at the entity level. This structure is typically used for small enterprises, professional collaborations, or arrangements where the participants prefer a straightforward, contract-based framework and are comfortable assuming personal liability in exchange for reduced administrative burdens.

Limited Liability Partnerships

A limited liability partnership (LLP) is a separate legal entity that combines the organisational flexibility of a traditional partnership with the benefit of limited liability for its members. Unlike a private limited company, an LLP does not have shareholders or share capital; instead, its members share profits as determined by a limited liability partnership agreement, offering considerable contractual freedom over governance, profit allocation and management arrangements. LLPs are generally tax-transparent, with profits taxed directly on the members rather than at entity level, and they are commonly used by professional services firms, investment and asset-management structures, and joint ventures where participants seek a flexible, partnership-style framework while limiting personal financial exposure.

Company Limited by Guarantee

A company limited by guarantee (CLG) is a corporate structure without share capital, where members act as guarantors and do not receive profits or dividends. Unlike a private limited company, which is owned by shareholders and geared toward profit distribution, a CLG is designed for non-profit or membership-based activities, with any surplus reinvested to support the organisation's objectives. CLGs are typically used for charities, clubs, associations, and other bodies where ownership by shareholders is unnecessary, and a non-profit orientation is essential.

Registering an Overseas Entity in the UK

As an alternative to incorporating a new subsidiary in the UK, an overseas company could trade in the UK by registering the overseas company with Companies House, in order to create a UK establishment for that overseas company.

The UK establishment is not a distinct legal entity from the overseas company.

The registered overseas company is subject to similar filing and disclosure obligations as UK incorporated entities.

Registration is similar to the process for a UK subsidiary company as the entity must provide certain details and complete the OS INO1 form available on the UK government website.

An overseas company registered in the UK will also have to make certain Companies House filings and comply with certain provisions of the Companies Act 2006. From a corporate perspective this would include:

- preparation and submission of annual accounts depending on the requirements of the law of the jurisdiction in which the parent company is incorporated;
- filing with Companies House any material changes to the overseas company structure including new shareholders or directors; and
- filing of all applicable tax information and returns with HMRC



Contact us

If you would like further information on setting up a business in the UK, please get in touch with a member of our team below.



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