

verFides group



*Coming to and Investing in the UK*  
*Services for Individuals, Businesses*  
*and Real Estate Investors*

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# *Coming to and Investing in the UK*

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## **THE UNITED KINGDOM**

There are many reasons for the UK's popularity as a destination both for inward investment and for immigration.

The UK is a G8 economy in its own right, but it also offers direct access to the world's biggest common market - the EU. The UK has a highly competitive tax system for international businesses, which benefit both from low rates of tax and from significant tax exemptions. The non-domicile tax regime for individuals makes the UK the favoured location for the world's wealthiest entrepreneurs

and families. The UK has one of the most sophisticated service industries, not only in terms of the best legal and financial services for business and investors, but also in terms of education and luxury living for families. This is all in addition to a culturally diverse and vibrant society.

This brochure offers an overview of how Verfides assists businesses and high-net-worth individuals to invest in or relocate to the UK – while highlighting some of the major advantages of doing so.

## **VERFIDES**

Verfides is a boutique firm providing a range of professional business and wealth management services including trust and corporate management, accountancy and tax consultancy for both individuals and companies.

For many years we have specialised in particular in advising and assisting both businesses and HNWIs setting up in, investing in or relocating to the UK.







## *Individuals and Families*

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*The attractions of the UK for foreign high-net-worth individuals and families include its political and economic stability as well as its cultural capital. The UK's visa programmes aimed at entrepreneurs, investors and business people make it possible to migrate to the UK from outside of the EU. The visa programmes can also lead to permanent settlement and British citizenship. The special tax treatment for non-domiciled UK residents is often a key motivator in the decision to relocate to the UK.*



## **NON-DOMICILE AND REMITTANCE-BASIS TAX PLANNING**

The UK has a special tax regime for those who are resident in the UK but have a foreign domicile. This regime has proved extremely popular among the very wealthy and is often a key motivator in the decision to relocate to the UK.

The remittance basis of taxation allows those who are non-UK domiciled to choose to be taxed only on what they earn within the UK and remit to the UK. Income and gains made overseas can be free of tax in the UK.

However, the rules are notoriously complex so it is essential to take professional advice to ensure both that any unintended remittances are avoided and that the potential benefits of the regime are maximised. This is done by keeping as much income out of the UK as is possible and wherever possible by bringing only core capital into the UK (which can be done without there being a taxable remittance). It is also important for those with a foreign domicile who are moving to the UK to plan for the Inheritance Tax treatment of their assets.

While the remittance rules remain complex, residence planning has been made easier and more certain by the introduction of a Statutory Residence Test to determine when a person is UK resident.

Verfides offers comprehensive UK tax advisory services for those coming to the UK as non-domiciliaries, including:

- *Inheritance Tax (IHT) planning*
- *The UK Statutory Residence Test (SRT)*
- *Establishing and retaining non-dom status*
- *Tax-efficient planning of remittances from abroad, including advice on source segregation and remittances from “mixed” funds*

- *Devising remuneration packages for inbound executives and employees to take advantage of important tax reliefs and exemptions*
- *Establishment of trusts to mitigate UK Inheritance Tax*
- *Inheritance Tax planning for those who are about to become deemed domiciled in the UK*
- *Use of roll-up structures and investments to defer / reduce UK tax liabilities*
- *Completion and filing of UK tax returns and dealing with HMRC in general*



## **UK RESIDENCE AND CITIZENSHIP**

Citizens of other EU countries are free to live and work in the UK (and throughout the EU), but those coming from outside the EU will require a visa. There are three visa programmes respectively aimed at foreign investors, entrepreneurs and business people.

### **1. THE INVESTOR VISA**

The Investor Visa has proved very popular as a means for wealthy foreigners to obtain UK residence and eventually even settlement and citizenship. Perhaps as a consequence of its popularity the application criteria have been added to in recent years. The main requirement is that the applicant invests £2m in qualifying investments such as UK equities and government bonds.

## 2. THE ENTREPRENEUR VISA

The Entrepreneur Visa is attractive for those who are interested in setting up a new business in the UK or investing in an existing UK business. The applicant is only required to have at least £200,000 under his or her control in the UK.

Entrepreneur Visas are granted for an initial three year period, which can be extended subject to specific criteria. There is an accelerated route to an indefinite right of residence in the UK in circumstances where the investment generates sufficient income or jobs in the UK.

## 3. THE SOLE REPRESENTATIVE OF AN OVERSEAS BUSINESS VISA

This visa route is designed to allow a person to come to the UK as the sole representative of an overseas firm and to establish a wholly owned subsidiary or register a branch in the UK on their employer's behalf.

### UK SETTLEMENT

After 5 years of UK residence under the above visa programmes it is possible to apply for Indefinite Leave to Remain (ILR) in the UK.

However, this can be accelerated for Investor Visa applicants and their dependants to 3 years where there are

£5m of investments or 2 years where there are £10m of investments.

There is also the accelerated 3-year route for Entrepreneur Visa applicants whose investments have generated sufficient income or jobs in the UK.

### UK CITIZENSHIP

After 5 to 6 years of residence it is possible to apply to be naturalised as a British citizen. This not only allows unlimited rights of residence in the UK but also the right to live and work without restriction throughout the EU as well as visa-free access to many other countries besides.







## Lifestyle Management & Concierge Services

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*Since our clients rely on us for both advisory and ongoing business administration services, it is perhaps no surprise that some of them also call upon us for further assistance when they are moving to the UK. This may also lead to us providing a comprehensive Family Office service.*

Further areas in which we can assist, either by sourcing specialist advisors or undertaking research and making arrangements directly, include:

- *Sourcing accommodation and properties*
- *Recruitment of professional and domestic staff*
- *School selection, admission assistance and private tuition*
- *Relocation and storage*
- *Private club memberships*
- *Leisure and sporting activities*
- *Entertainment and travel*
- *Home and personal security*
- *Introductions to investment managers*
- *Introductions to banks and support with opening accounts*



## *Businesses*

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*Whether your business would benefit from a UK presence in order that it can better access the EU and the local UK markets or simply in order to be taxed under the UK's favourable tax regime, Verfides provides comprehensive services from initial tax consultancy to ongoing administration of tax compliance, accounting and business operations more generally.*

## **BUSINESS DUE DILIGENCE**

In recent years we have increasingly assisted clients with the purchase from third parties of existing UK businesses. While this usually involves advising on the various methods of owning and operating a business in the UK including the taxation of the UK business and its owners and employees in each case, Verfides is also able to undertake the tax and accounting due diligence analysis of a target business, which is an essential task in advance of purchase.

## **ESTABLISHING A UK PRESENCE**

An important piece of initial advice will concern the choice of an appropriate vehicle to establish a UK presence.

This could be a representative office, a branch of an overseas company, a UK limited company or some form of UK partnership. There are major tax, risk and other commercial considerations to take into account when choosing the right business vehicle and we will help guide you through this process. We will then incorporate or form your chosen vehicle and register it as required with Companies House and HM Revenue & Customs. We have a full company secretarial department to help you manage the legal and administrative aspects of running a UK representative office, branch, company or partnership - both during the start-up phase and throughout its life.

## **INTERNATIONAL TAX ADVICE**

The fact that a new UK business may have non-UK stakeholders (whether individuals or companies) means that initial and ongoing tax advice must be fully international in scope. Dividend, interest and royalty flows must be optimised to ensure minimal cross-border tax leakage.

Our tax advice will make full use of UK domestic planning techniques, international bilateral tax treaties and EU law. We will work with tax professionals in other jurisdictions where required to produce a robust global tax strategy. As well as cross-border income flows, we can advise on planning for future capital gains on business disposals, transfer pricing and thin capitalisation issues, CFC considerations and international VAT planning.





## **ACCOUNTING SERVICES**

Our team of qualified accountants can prepare UK statutory accounts and management accounts for all entities, in accordance with both UK GAAP and IAS. We can also assist with bookkeeping and/or help implement usage of appropriate accounting software packages. Where appropriate we will prepare a year-end audit file. We have developed close relationships with a number of audit firms who can deliver to our clients a very cost-effective statutory audit based on comprehensive preparatory files compiled by Verfides.



## **UK BUSINESS TAX COMPLIANCE SERVICES**

We will register your business for corporation tax, income tax and VAT as applicable and serve as its tax agent in the UK. We can prepare annual corporation tax/income tax returns and computations and quarterly VAT returns, as well as advising on tax filing and instalment dates.

## **EMPLOYEE AND SHAREHOLDER TAX SERVICES**

At the most basic level, we can register and run your payroll for UK employees, including specialised modified

arrangements for those looking to take advantage of their “non-domiciled” tax status. We can also prepare annual forms P11D returning details of expenses and benefits for employees. Where you wish to minimise exposure to varying international tax rates for inbound employees, we can advise on implementing tax equalisation or tax protection arrangements to ensure that the secondment is tax neutral.

Where inbound employees/ shareholders are required to prepare annual UK income tax returns, we can assist.

Naturally we can provide full UK and international tax advice to shareholders and executives to help maximise their wealth by mitigating income and capital taxes. We also have extensive experience in arranging and administering more sophisticated reward plans for UK-based employees, particularly the grant of shares and share options.



## Real Estate

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*The UK property market has attracted investors from around the world and, in the face of high demand from both the UK and abroad, prices have continued to increase for decades. There has been a growing emphasis in recent years on the importance of property development, particularly due to a general shortage of stock, especially of residential property.*

Recent years have also seen significant changes to the taxation of property transactions and ownership, resulting in increasingly complex considerations for those undertaking property transactions, especially non-UK investors, whether they are buying, selling, developing, offering for rent or simply holding onto their investments.

In some cases (and especially for non-residents) certain taxes can be significantly mitigated or even entirely eliminated through careful planning.

It is therefore essential to take professional advice from the outset and so we help investors and developers

to navigate the variety of taxes that UK property is potentially exposed to, which include:

- *Stamp Duty Land Tax on acquisition (Land and Buildings Transaction Tax in Scotland)*
- *Income tax on rents*
- *Income or corporation tax on development profits*
- *Capital gains tax on sale or reorganisation*
- *Inheritance tax (IHT) on death or gift (or periodically for trusts)*
- *Annual Tax on Enveloped Dwellings (ATED) for certain high value residential properties*
- *VAT on sales and rents of commercial and mixed-use properties*

We often advise on:

- *Real estate developments including tax treaty planning*
- *Residential and commercial rental properties/portfolios*
- *Private residence ownership structuring and taxes such as IHT and ATED*
- *Collective property investment schemes*
- *Choosing and forming investment vehicles for real estate*
- *Tax compliance and accounting for real estate investments*



Verfides is the ideal choice for the professional services needed by international clients wishing to come to or invest in the UK. We assist throughout both planning and implementation and we are proud to provide for the benefit of our clients the knowledge, experience and integrity that we have developed during over forty years in business.





# verFides group

*Private Wealth – Advisory and Structuring*

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