

### Introduction

Welcome to UK Inward Investment and to my first edition as editor. Despite the uncertainty that surrounds the Brexit negotiations with Brussels, there is still an air of buoyancy in the UK business market and some very good reasons to invest in it. Here, together with my colleagues, I have sought to deliver an interesting range of topics which demonstrate that, as well as offering some practical advice for those who choose to do business here.

Mercer & Hole is extremely proud to be a founder member of TIAG (The International Accounting Group) and part of TAG Alliances. Our team were delighted to read the news that TAG Alliance is the fastest growing accounting alliance in the world and to acknowledge that we are part of this world-wide success story. Andy Crook takes a look at our valued relationship with TIAG and some of the benefits it delivers to our clients.

The ease of doing business in the UK is a big attraction for inward investors. There are many factors which contribute to this, which Jolene Upshall eloquently outlines. Her article provides a positive read on why the UK ranks so highly on a worldwide stage and should be of great interest to those considering investing here.

With the international nature of business, going on secondment is now an occurrence that many employees will face and those seconded to the UK can take advantage of some welcome reliefs. Richard Hanley outlines what these are and explains the qualification criteria.

Setting up a business in the UK is renowned as being a relatively easy process when compared to many other

countries. I have helped a number of Greek clients establish a business here and have developed a good understanding of some of the key issues our overseas clients face. My article on 'Entering the UK market' shares some of the highlights and pitfalls I have learnt by experience.

There is a growing trend of businesses choosing to outsource their accounting functions, which has largely been driven by the developments in accounting technology. Ross Lane points out some of the benefits in doing so for UK subsidiaries.

Mercer & Hole has been a part of the growing success story that is Milton Keynes for nearly 30 years. During this time, we have seen the influx of many international and overseas businesses, resulting in a progressive and cosmopolitan community. Andrew Lawes, a partner in our Milton Keynes office, provides us with an introduction to the town and some impressive business statistics which support it being a major centre in the UK's business economy.

Thank you to all my fellow contributors. I hope you enjoy reading our articles and, as always, if they spark interest, please do get in touch with us to take the conversation forward.

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# The benefits of our membership of TIAG

Mercer & Hole is proud to be a founder member of TIAG (The International Accounting Group). TIAG and the TAG Alliances give us the benefits of having a truly global reach as one of the ten largest international alliances for accountancy practices in the world.

Primarily it allows us to support those of our clients that have or intend to have an international aspect to their businesses or their personal taxation affairs.

Business has become increasingly globalised and even smaller organisations can have customers or suppliers based outside the UK. Whilst Mercer & Hole provides expertise in operating within the UK, our client base increasingly requires advice in jurisdictions abroad. TIAG allows us to recommend and introduce our clients to overseas advisors that are similar to ourselves in quality, expertise and philosophy.

One of our clients had a German customer who had not paid the amounts due to them. We were able to liaise with a German member of TIAG to take appropriate action to recover this debt. This is a case where we were able to provide a quick and easy solution to what could otherwise have been a testing problem.

Many of our clients are international groups looking for a 'one firm' solution to their auditing and accounting needs. Our alliance allows us to operate in such a way so that we can coordinate with our fellow member firms to act as if we were one organisation. We provide an international solution using our TIAG member firms performing group audits across multi jurisdictions in a seamless manner.

Referrals out to fellow TIAG members are commonplace and not just for companies. Our Private Client team has assisted in the relocation of clients to overseas countries which involves aiding the transfer of taxation affairs to our relevant TIAG member. In such instances, advice and compliance services to the individual are provided in a smooth and joined-up way with cross-border issues fully addressed.

Our alliance allows us to offer services to assist our overseas members in a similar fashion. One of our Italian member firms offered their client a group wide

single solution to their outsourcing needs. The client, an International bank with headquarters in Milan, had branches and subsidiaries throughout Europe and the US, and had previously been serviced by different entities in each jurisdiction. We provided the services to the London branch of the bank and were assisted in this with staff seconded to our firm from Studio Rock, a TIAG firm in Milan. In doing this our reporting was directly to Studio Rock to enable them to deliver a seamless service on a group-wide basis.

The TIAG culture has grown out of a philosophy of providing help and assistance to each other as an absolute priority. At Mercer & Hole we are all fully aware that TIAG contacts will often provide top quality referral work and we respond accordingly. Our fellow members respond in the same way to our requests. The bi-annual TIAG conferences allow us to meet in person the key players in fellow member firms establishing strong relationships along the way. This will often result in us using or recommending the services of firms we have known, met and worked with for years.

TIAG is a real strength of Mercer & Hole, helping us to deliver an international service and providing excellent opportunities to increase our client base.

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# The ease of doing business in the UK

As a place to do business, the UK is welcoming and geared for launch. Whether operating through a UK branch or place of business, or by incorporating a UK company through which to trade, the registration process and reporting requirements are clear and without excess burden.

A company can be incorporated within a couple of days at Companies House, directors and shareholders, whether corporate or individual, do not need to be UK resident, all that is required is a UK registered office address. A registered office address is a common offering of most business advisors, but it is worth seeking an established and reputable advisor to ensure no loss of correspondence or issues registering with HM Revenue & Customs. Trusts are recognised as a separate legal person offering structural options that can be combined with effective tax planning.

HM Revenue & Customs are directly informed when a company is incorporated and registration is then automatic. The current UK rate of corporation tax of 19% is lower than the global average. Additionally generous support is available for corporates engaging in research and development activity on both internal operating systems and products and services taken to market.

Companies House and HM Revenue & Customs have annual reporting requirements and provide operational frameworks. This robust regulatory environment offers a structured yet manageable mechanism which allow growth and development of a business at any pace, be it tentative and steady or rapid and reactive.

Companies House information is publicly available without fees (with appropriate privacy protection of directors' and shareholders' personal details). The reporting requirements offer an appropriate level of transparency for the informed users of such information.

The UK is ranked 7th in the world for ease of doing business (World Bank ratings) and in addition the UK ranks 1st in the Forbes 12th annual survey for the best countries for business.

Business and commercial law in the UK is fair and robust, protecting both the consumer and the business owner. Corruption in the UK is not endemic; instances are low and public information networks are rational and

balanced. There is an economic environment where there is no tolerance of behaviours which go against public interest.

The UK harbours an excellent and far-reaching banking and financial services sector, robustly regulated but sophisticated and adaptable to a wide range of industries, business structures and operational needs. The UK ranks number one in the world for ease of obtaining credit to facilitate both start-up and continuity of growth.

The technological advancements in the UK, both driven and embraced by consumers and businesses alike create a platform for open connectivity, impactful business opportunities without limits. The educated and engaged work force enjoys full employment in the UK.

The UK transport network, bustling expanding airports and business activity hubs across the nation create quick and accessible links to be as hands on as a business requires, without practicality restrictions. The UK is open for business 24 hours a day, but with cultural and environmental sensitivities that maintain a positive mind and a consciousness for the worldwide impact of business driven decisions.

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# Seconded to the UK

Seconded employees coming to work in the UK for a short period of time can obtain significant tax reliefs. Here, we have outlined the reliefs available for relocating employees and the aspect of Temporary Workplace Relief (TWR).

## Relocation Exemption

We have seen an increase in businesses working internationally and overseas company's opening offices globally. As a result, it is common for overseas employees to be relocated to the UK to start a new branch or office.

There has been a long-standing relief, which enables 'qualifying' relocation costs of up to £8,000 per employee to be exempt from tax and national insurance contribution (NIC) purposes.

If any relocation costs that are incurred either exceed the £8,000 exemption, or are not 'qualifying' costs, they will need to be reported for income tax and NICs.

There are a number of conditions that need to be met in order to qualify for the exemption, and these include:

1. They are reasonably provided in connection with a change of the employee's residence following a new employment or change of duties or location.
2. Qualifying expenses include, acquisition and disposal of a new residence, transportation of belongings, travel for the employee and their family, temporary living accommodation, replacement of domestic goods, etc. This is not an exhaustive list.
3. The qualifying expenses are incurred in the tax year (up to 5 April) of the change of residence.
4. The expenses can either be paid directly or reimbursed to the employer.

## Temporary Workplace Relief

Following on from the above, where employees have been seconded to the UK by an existing employer, it is

common for this placement to be temporary. In cases where an employee attends a new workplace for a period of less than 24 months TWR could be available.

TWR would enable an employee to claim tax relief on the cost of ordinary commuting between their home and the temporary workplace.

In addition, TWR would also entitle tax relief for reasonable accommodation to be provided to the employee near the temporary workplace.

However, it must be noted that where the location of a temporary workplace is extended, and it becomes apparent that the period at that location will exceed more than 24 months, the claim for relief on ordinary commuting and accommodation is immediately denied from that point onwards.

It is important to take UK tax advice for secondments as early as possible to ensure that the correct PAYE procedures are in place, but also to claim the relevant tax reliefs that might be available.

If this is a subject that is of interest to you, you may wish to read my colleague David Hadley's article on International employees – Short Term Business Visitors, which was published earlier this year and is available on [mercerhole.co.uk](http://mercerhole.co.uk). David provides an insight into the requirement for UK companies to deduct income tax and NIC (if applicable) via PAYE for international employees that are seconded and working in the UK. He also covers the aspect of Short Term Business Visitors (STBVs), PAYE compliance and the option of removing the PAYE burden if the company is able to enter into an agreement with HMRC.

*If you would like to discuss this subject in relation to your own circumstances, please do get in touch.*

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# Benefits of Outsourcing for UK Subsidiaries

Our Outsourcing team helps clients by providing them with routine accounting services, such as bookkeeping, monthly or quarterly management accounts, payroll and VAT returns. We are able to support overseas investors looking to enter the UK market, as well as UK subsidiaries already established here. In essence we can be your flexible accountant and / or bookkeeper.

Whilst the government has repeatedly voiced that 'Britain is open for business' and it is well-known that the UK is a relatively easy place to start-up a business, there are still complex regulations and pitfalls to be aware of. Our Outsourcing team can help you navigate these complexities, set up your business to comply with regulatory requirements and stay on top of changes in legislation, leaving you free to focus on your business interests.

The recent advancements in technology in the accounting sector have made life easier still for our UK subsidiary clients. You can benefit from our professional expertise and experience coupled with the efficiencies that cloud-accounting technology offers. We are proud to be partnered with Quickbooks, Xero and Sage, which enable the delivery of real-time information. This means you are able to get a snapshot of your business at any point in time rather than waiting for month-end or quarter-end reports to be produced. Also, you can access this information remotely by logging in anywhere in the world, enabling you to act on the information provided in a timely fashion, regardless of location. With time spent inputting and processing data reduced, using this technology also results in time and cost saving efficiencies.

Additionally, we provide first line support and, in addition to the more regimented monthly or quarterly tasks, we are on hand to answer your ad hoc enquiries and deal with any concerns you may have as they arise.

We appreciate that the requirements that businesses have vary considerably and we are able to accommodate our clients' needs with three 'off-the-shelf' packages. Labelled as Gold, Silver and Bronze, we can tailor these

solutions, which represent excellent value for money, to meet the current and growing needs of your business. We also offer a bespoke Platinum version to cater for clients with more complex requirements.

Technology in the hands of a trusted advisor can be hugely beneficial to your business. We will work with you to gain a full understanding of your business and will work closely with you to identify your requirements, advise you beyond the data and work with you to give your business every chance of success.

“

*Technology in the hands of a trusted advisor can be hugely beneficial to your business.* ”

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# Entering the UK market

Having worked with overseas businesses setting up in the UK for the last 20 years, the most common feedback from those experiencing doing business in the UK for the first time is just how easy it is to do business here.

The red tape and bureaucracy which is experienced in so many parts of the world is not present in the UK. We do not routinely need to have documents legalised by a Notary and if we do it is because of the requirement in other countries.

If you want a company set up, this can be achieved in a matter of hours, not days or weeks. We have no restrictions on having to have UK based ownership or indeed management. Though having directors resident in the UK does help in certain aspects of doing business in the UK.

At Mercer & Hole we understand the issues facing businesses looking to establish a presence in the UK. We have the contacts and knowledge to assist you in achieving the ambitions you have for entering the market here.

## **My experience**

Over the past five years, I have helped several well established SME's in Greece to set up and establish their businesses in the UK. Here, I want to share with you the key drivers for them coming to the UK, the issues they have faced and the solutions offered to establish their UK business.

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*We have the contacts and knowledge to assist you in achieving the ambitions you have.*”

## **Key drivers**

The Greek banking sector collapsed around 2009 in the aftermath of the worldwide financial crisis of 2007/2008. The fall out of this was a devastating restriction on financing for Greek businesses, big and small. The liquidity simply vanished from the Greek financial market and obtaining new debt and financial products was close to impossible and the country regularly lurched from bail out to crisis.

There was a need for Greek businesses to access banking, trade finance and bank debt. This, together with the ease of doing business in the UK and the strength and robustness of the UK banking sector made many chose to come to the UK, and primarily to London.

We, along with a Greek banking expert and SME advisor, an ex HSBC bank manager and a Credit Insurer, built a delivery team which was able to deliver the Greek SME's a UK solution.

## The main issues

The key issue facing any inbound business to the UK is undoubtedly setting up UK bank accounts. Since the banking crisis and various fines imposed on the banks, the stringent process for setting up bank accounts has become quite onerous. This is why we have worked with banking experts who work with our clients to help them with the process.

In respect of obtaining credit and finance, the next issue to be considered is actually having a trading history. The bank need to see the companies doing what they say they will do in terms of transactions, turnover and most importantly profitability before they will start to deliver financing solutions.

Along with our banking experts, we have extensive knowledge of the primary banking markets and the secondary market such as invoice discounters. This enables our clients to have options over how they structure their financing.

For invoice discounting solutions, we work alongside credit insurers to provide debt insurance for international and cross-border customers for our clients.

## Solutions

Mercer & Hole are able to provide the advice on how you should structure your UK operations. We can provide personal tax advice for business owners considering relocating to the UK. We can further assist you by introducing you to a team of specialists who will be able to help you with such matters as opening a bank account and obtaining financing solutions.

We can provide a fully outsourced finance function enabling cloud-based book keeping and the provision of management information to the banks and finance providers.

Our team can also assist with all aspects of tax planning, reporting and compliance matters.

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*If you want a company set up, this can be achieved in a couple of hours, not days or weeks.*”

*If you are an international business and have the ambition to grow your business through accessing the UK market, please contact me.*

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# Inward Investment in Milton Keynes

The development of the new town of Milton Keynes began in 1967. Its purpose was to help alleviate London's housing problem and to create a new commercial centre in Buckinghamshire. The original plans were for a town of 250,000 people and it was designed with a grid road system that still enables efficient commuting across the town today. Another significant feature was the emphasis placed on developing and maintaining parks, lakes and green spaces, helping to make Milton Keynes a great place to live.

Developing business in the area was of paramount importance and inward investment has been a large part of this. Geographically, Milton Keynes is ideally placed being at the centre point between London, Birmingham, Oxford and Cambridge with good rail, motorway and road links. It is also served by a number of international airports. This combination of excellent communications, a large pool of talented people, who benefit from local colleges and universities, and a good quality of life has resulted in a large number of overseas businesses locating in the area. There are now over 11,000 companies registered in Milton Keynes, both local and international and several overseas companies have located their UK headquarters there, including, Mercedes Benz, Suzuki and Domino's Pizza. Milton Keynes has also been recognised as the number one location for start-ups in the UK outside of London.

Fifty years since its creation, Milton Keynes is now seen as a major financial and commercial centre. It accommodates a wide range of businesses from

transport and logistics through to pharma and high tech and saw the first ever self-driving vehicles on UK public roads in October 2016. A recent report from National Infrastructure Commission outlines a strategy to build a corridor connecting Cambridge, Milton Keynes and Oxford to create a world renowned centre for science, technology and innovation – the UK's own Silicon Valley. Such development will further enhance the attractiveness of the area for overseas investment and entrepreneurs.

Mercer & Hole opened its office in Milton Keynes nearly 30 years ago and has helped to support many new and growing businesses. Today, the office has a team of over 50 specialists working across a wide range of areas to help overseas companies establish themselves and to operate successfully. In addition to dealing with corporate matters and reporting, the local team can also help with complex expatriate issues for overseas personnel relocating to the UK for periods of time. For start-up businesses, our outsourcing team can provide efficient accounting solutions, freeing management to deal with establishing the business in the UK and to building the team and customer base.

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