

MOORE KINGSTON SMITH CHINA GROUP

International business specialists



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Moore Kingston Smith has been helping clients build their businesses since 1923. As chartered accountants and business advisers, we work with clients to understand their potential and ambitions. Then we provide all the information and support they need to achieve them.

If you are a Chinese company looking to set up in the UK, our dedicated team of international expansion specialists can help develop your global footprint smoothly and efficiently. We also support UK companies establish a presence in China.

We are recommended by the Department for International Trade due to our great record of accomplishment in helping businesses open and grow in the UK. Clients value our geographic knowledge, commercial expertise and empathy.

As a part of Moore Global Network, one of the world's major accounting and consulting networks, we are ideally placed to offer our clients the strength and experience of this network to support their international work.

Our range of services for initial set-up and ongoing compliances in the UK includes:

- Business structuring and company formation
- Registered office and company secretarial services
- Tax compliance and advisory
- Transfer pricing
- Payroll management
- Bookkeeping and management accounts
- Audit and accounts preparation
- HR consultancy
- Corporate and commercial legal services

We also offer a full suite of corporate finance services including:

- Raising finance
- M&A and joint ventures
- Due diligence

Additionally our private client team helps many Chinese nationals with tax and legal advice in such areas as:

- Expatriate tax and social security
- Tax compliance and advice for internationally mobile employees
- High net worth global tax planning
- Completing a UK Will for your UK assets
- Domicile status and its tax implications
- Powers of Attorney for your UK-based business interests
- Probate administration for UK based assets



Grown from formation in

1923

by both organic growth & mergers



609 offices
in 112
countries

An independent member firm of Moore
Global Network Limited, a global
accountancy and consultancy network



17 17th in the
Accountancy
Age 50+50



10 10th when compared
to firms located in
London & the SE

Commercial partners:



Department for
International Trade

30,000+

people across Moore global network



TOPICAL TIPS

Inward investors in the UK

We have been looking after UK subsidiaries and branches of international groups for more than 30 years. Our experience and research indicate that inward-investing companies are still missing out on some of the most valuable opportunities and are overlooking certain compliance obligations when operating their business in the UK. The issues below, while not exhaustive, highlight some of the more significant points that are often inadvertently missed.

Business structures

Many UK structures are created by foreign companies without taking proper advice at the outset. The default choice is a UK limited liability company set up as a wholly owned subsidiary. A UK company is the right choice in many circumstances, but in others, a UK branch or limited liability partnership might be more appropriate. Structures should also be kept under review. What was suitable at the start of the UK operations may not be the best option as time passes and the business strategy and operating environment evolves.

Audit obligations

If the group's annual turnover, gross assets or number of employees exceed certain thresholds, or the group contains a listed company, the UK entity's financial statements must be audited. However, many inward-investing groups still look at their UK subsidiary's results in isolation, and prepare unaudited accounts in error. International groups, therefore, need to be conscious of the varying audit obligations in the countries in which they operate.

Short-term visitors to the UK

When non-UK employees visit the UK for short periods of up to six months, their salary, even if paid outside the UK, falls within the UK employment tax system unless the rules and reporting obligations around short-term business visitors are followed. The UK's tax, payments and

customs authority HMRC has publicly announced they will be focusing on this area as they suspect there is widespread non-compliance.

Living allowances for secondees

For employees on temporary secondment to the UK, there are certain tax rules which allow, subject to prior agreement of a bespoke scale rate from HMRC, certain living expenses to be reimbursed to them free of tax and national insurance. Over the years, we have seen many employers miss out on the benefits of these generous rules. Other employers misunderstand the rules and include family-related expenses or non-business expenses within their expense claims which can result in large liabilities for under-paid tax.

National insurance exemptions for secondees

Where individuals come to work in the UK temporarily, it is normally possible to agree a period of exemption from national insurance for both the employer and employee, ranging from one to five years depending on the employee's home country. Failure to claim or to understand these exemptions can result in a significant and unnecessary cost to the employer, and subject them to the time-consuming process of reclaiming the overpayments from HMRC.

National minimum wage (NMW) and national living wage (NLW)

Most allowances paid to employees on secondment will not count as salary for the purposes of the NMW and NLW. A high earning employee who is receiving mostly living allowances could therefore be receiving a salary below the statutory minimum wage. HMRC understandably takes a hard line on NMW and NLW compliance and will publish the names of defaulting businesses which can be a public relations disaster. Employers need to ensure that they don't get caught out here.

TOPICAL TIPS

Employer's liability insurance

It is a legal obligation for each UK employer to carry a minimum level of employer's liability insurance of £5 million. Failure to have this policy in place can give rise to large penalties.

VAT on services received from abroad

Where the overseas parent company is supplying services to its UK subsidiary, the invoice will not normally include UK VAT. However, under reverse-charge VAT rules, the recipient of the services must normally charge itself the VAT and account for this on its VAT returns. For most companies this is simply an administrative task, but if the UK business is unable to fully recover its VAT, it does give rise to an additional cost of doing business in the UK.

Share options and similar equity incentives

The taxation and online reporting of share options and awards such as restricted stock units is complex and often misunderstood. Since the changes in 2015, every option granted to employees who have a period of working in the UK during the vesting period will potentially give rise to tax, national insurance and reporting obligations.

UK pensions

Inward investing businesses often fail to understand what "ordinarily working in the UK" means for the purposes of the auto-enrolment pension rules. They can end up failing to automatically enrol employees or enrolling employees and making contributions unnecessarily.

Overseas directors

Some inward-investing companies tend to appoint only non-UK based individuals as directors of the UK subsidiary. This is permitted under UK company law, but can cause problems where claims are made under UK tax treaties because the UK company, if managed and controlled abroad, may not be treated as UK resident for treaty

purposes. This means the company won't be able to rely on the benefits of the UK tax treaty network. Home country issues can also arise if the UK subsidiary is viewed as being tax resident in the home country.

Apprenticeship levy

This levy is payable by all UK employers and is equal to 0.5% of the payroll costs with an exemption of £15,000 for each employer towards the levy. The levy is not payable on salaries which are eligible for national insurance exemptions. Once paid, the levy can be used to reduce training costs.

Compliance reporting

The UK has introduced a number of regimes where information must be published on your website. These include gender pay gap reporting, slavery and human trafficking statements and publication of your tax strategy. Although not on your website, subsidiaries of very large multinational groups also need to comply with their country-by-country reporting requirements. Failure to understand your obligations and report in accordance with the law can lead to penalties and negative PR.

General Data Protection Regulation (GDPR)

If you are looking to do business in the UK, it is important you are aware of the GDPR which came into effect on 25 May 2018. Any organisation that does business with EU citizens must comply with the GDPR's stringent data protection rules. It affects how organisations communicate with their audiences, how they process personal data and who they share it with. It operates alongside the Privacy and Electronic Communications Regulations (PECR), which govern how organisations handle, specifically, their electronic communications.

If you feel that you need guidance on any of these topics, please feel free to contact us. We are happy to help.

MEET THE TEAM



Jessie Yu

Consultant –
China Group

Jessie has built up an extensive global network of contacts during her many years of working with key stakeholders in wide-ranging international projects. She specialises in assisting Chinese companies setting up in the UK as well as UK companies looking to do business in China.

With a keen eye for spotting new opportunities, Jessie relies on her strong problem-solving skills to overcome the many challenges of setting up in a new country. She recently created the China strategy and launched a successful new China office for a European real estate investment company.

Jessie's background in foreign direct investment, project management, investment management and business development spans the technology and real estate and construction sectors, among others. She has also previously held management positions in leading blue chip corporate organisations. All of this experience funnels into Jessie's determined and analytical approach in identifying the best route for cross-border clients.

An excellent communicator, Jessie has cross-cultural sensitivity as well as fluent Chinese and English which is fundamental for managing complex tactics in both regions.



Alice Ooi

Manager –
China Group

Alice is experienced at coordinating a wide range of requirements of Chinese investors setting up their operations in the UK. She has specific expertise in working with clients in property investment, wholesale importing, green energy, foreign-owned subsidiaries and the not for profit sector.

As a chartered certified accountant, with more than 20 years experience, Alice has vital insider knowledge of the compliance obligations of international companies. She handles audits, management reporting and tax issues for diverse clients, as well as providing all round support on wide-ranging business functions.

Fluent in English, Mandarin, Cantonese and Hokkien, Alice is both results driven and pragmatic in her approach to work. Easygoing and a careful listener, she prides herself on building and nurturing excellent international working relationships.

OUR SERVICES AND SECTORS

When you work with us, you'll be working with senior partners with a deep understanding of your sector. Experts who can help you see the way forward when things don't seem all that clear.

Here are the sectors and services we specialise in:

SERVICES

- Audit services
- Auto enrolment
- Board advisory services
- Bookkeeping & accounting services
- Business insight
- Business start-up services
- Business strategy & advisory
- Charity fundraising & management
- Cloud accounting
- Company sale & AIM IPOs
- Company secretarial
- Company structuring
- Compliance & assurance services
- Data protection (GDPR)
- Due dilligence
- EIS & SEIS
- Employer services
- Financial forecasts
- Financial planning
- Forensic accounting
- Fundraising & growth capital
- Governance & board advisory
- Growth advisory
- HR advisory & outsourcing
- Independent financial advice
- Insolvency services
- International expansion
- Inward investment
- Legal advisory
- Management buyout
- Mergers & acquisitions
- Outsourcing

- Payroll
- Pensions
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- R&D tax credits
- Risk evaluation management
- Share options
- Succession planning
- Tax planning, compliance & advisory
- Valuations
- VAT planning
- Wealth planning

SECTORS

- Automotive
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- Education
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- Healthcare
- Leisure, hospitality & travel
- Media
- Manufacturing, transport & logistics
- Professional services
- Property
- Shipping
- Sports
- Technology
- Trade associations

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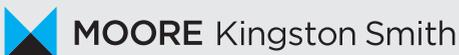
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