

# MOORE KINGSTON SMITH CHINA GROUP

**International business specialists**



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# MOORE KINGSTON SMITH CHINA GROUP

Moore Kingston Smith has been helping clients build their businesses for 100 years and has worked with Chinese clients from entrepreneurs to well established corporates for over a decade.

We have around 75 partners and over 700 professional staff based in London and South East region who are committed to supporting businesses thrive.

As a part of Moore Global Network, one of the world's major accounting and consulting networks, we have links to firms in over 600 locations across 112 countries. We are ideally placed to offer our clients the strength and experience of this network to support their international expansion. We support many international companies using the UK as a hub to serve the European market with support from firms across Moore Europe.

This combination of geographic knowledge, commercial expertise and client empathy has given us a great track record in helping Chinese clients open and grow their business internationally. Our China Group today advises and assists a wide range of Chinese businesses with their international operation.

We're a recommended firm in the Department of International Trade Advisory Network and also a preferred accountancy partner with London & Partners, the capital's official foreign investment promotion agency.

## **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

# MOORE KINGSTON SMITH CHINA GROUP



A presence in  
**112 countries**

An independent member firm of the Moore Global  
accountancy and consultancy network



英国中国商会  
China Chamber of Commerce in the UK

We are members of the China  
Chamber of Commerce in the UK



**13th**  
in the  
Accountancy  
Age 50+50



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



Advising in the  
UK for over  
90 years



Working with  
Chinese businesses  
for over a decade


Commercial partners:



Department for  
International Trade

**LONDON**  
& PARTNERS

**30,000+**  
people across Moore global network



**38**  
UK offices



We support many international  
companies using the UK as a hub  
to serve the European markets

## MOORE GLOBAL CHINA

**Moore Stephens Da Hua Certified Public Accountants is the Chinese member firm of Moore Global.**

They are one of China's top ten largest accounting firms and one of China's first batch of firms approved to be engaged

in the audit of the H-share listing and the pilot firm of the Ministry of Finance for the development of large-scale Chinese accounting firms. The Moore Kingston Smith China Group work closely with Moore Stephens Da Hua.



大华会计师事务所

# EXPANDING YOUR BUSINESS TO THE UK

Setting up your business in the UK is challenging. Going about it the right way ensures your business is compliant with UK requirements and set up for long-term success. Moore Kingston Smith's international team works with ambitious businesses from all over the world to make their UK expansion as smooth as possible. We have the process down to a fine art, as you can see from our check list below.

## Registration

### UK entity type

Our tax experts can help you decide on the best structure for your business.

### Registered office address

We can act as your registered office or help you choose one.

### Directors and shares

Our company secretarial and legal teams can help you appoint directors and issue shares.

### Accounting reference date

We can align the accounting date to that of your parent company.

## Accounting

### Business bank account

We can put you in touch with the right people at relevant banks to open your account.

### Transfer pricing and VAT registration

Our tax experts can confirm if this is a requirement for your type of business.

### Maintaining your UK accounting records

We can help you manage this in-house or our outsourcing experts can take on the entire function for you.

### Finding suitable accounting software

We can advise on and set you up on suitable accounting software.

## Employing people

### Tax and liability insurance

Our payroll services can help you register for PAYE and handle employer and employee liability compliance.

### Pension scheme and employee benefits

Our payroll experts can advise you on your workplace pension scheme as well as employee benefits and wealth management.

### Employment contracts and staff handbook

Our HR and employment law consultants can draft these for you to ensure legal compliance.

### Tax planning for seconded employees

Our tax experts can ensure your overseas employees pay the correct taxes in all relevant countries.

## Reporting requirements

### Monthly

Payroll and pension.

### Annually

Confirmation statement.

Corporation tax returns.

Our payroll, VAT, tax accounting and audit experts can help you with all necessary reporting compliance to ensure you file everything correctly and on time.

### Quarterly

VAT return.

Statutory accounts.

Audit, depending on thresholds.

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## 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.

#### **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.

## TOPICAL TIPS

### **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. 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.

### **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. 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.

### **Off-payroll working rules**

Where a business engages with contractors to provide services they will be responsible for determining the employment status of each contractor that they engage with. Additional administration and reporting will be required by the business to determine the employment status of any contractors under rules issued by the UK tax authorities. This can be burdensome and time consuming for the business especially where they have multiple contractors providing services. We have created a checklist that will guide you through the steps required to determine the employment status of your contractors and to help clarify off-payroll working risks.

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

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## MEET THE TEAM



**Jon Sutcliffe**

Partner -  
China Group

Having been with the firm for 30 years, Jon's experience is built on working with a variety of international groups, AIM listed companies and owner-managed businesses. Jon ran our former international association, and he is involved in our network, Moore Global, so continues to assist clients with finding partners to manage their compliance requirements in EMEA and Asia.

Jon's focus is on international groups and investment into the UK from China and the far east, and Europe. As the Head of our London Maritime team, Jon has several global shipping company audits which are performed in conjunction with colleagues in key port locations in Europe, Singapore, Hong Kong/China, and the US.



**Darren Jordan**

Partner – Head  
of International  
Services

Darren Jordan is an experienced adviser to growing and international businesses and supports across all aspects of assurance and accounting.

He works with businesses across a range of sectors but with a particular focus on construction, real estate and technology, having been appointed non-executive director for clients within these industries.

Darren leads the overall international strategy and uses his extensive network to support clients trading overseas and expanding into new markets.



**Alice Ooi**

Senior 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.



**Yaoyao Liang**

Manager –  
China Group

Yaoyao is a chartered certified accountant with over ten years of experience in general practice. Her clients include businesses in a variety of sectors, such as property investment, wholesale business, hospitality, estate agency, IT, consultancy and nonprofit organisations. Her clients vary in size from sole traders and owner-managed businesses to partnerships and subsidiaries of international listed groups. As a Mandarin speaker, she assists Chinese companies with their business expansion into the UK and Europe.

As a manager in the general practice team, Yaoyao manages audit, accounts and tax, as well as providing clients with basic general advice.

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## MEET THE TEAM



**Bob Lu**

Manager -  
China Group

Bob is a member of the corporate client services team as well as the China desk. He works with mid-market businesses and large international groups, where he manages their external audits. A particular area of his expertise is the audit of fully listed groups, where adherence to tight timeframes and technical detail is vital. He has extensive knowledge of IFRS and UK GAAP.

He has over ten years' experience with the big four and has also spent time working in industry (including Huawei), affording him good knowledge of the daily operations of a business and specifically a Chinese business. He is hands-on throughout every audit and liaises closely with both the client and the firm's internal team to ensure all aspects are seamlessly integrated. As a Mandarin speaker, he helps Chinese companies with their UK business expansion.



**Cathy Liu**

China Desk  
Sales Lead

Cathy Liu is passionate about promoting international trade and cross-border investment between the UK and China/APAC markets. Leveraging her language skills (English, Mandarin and Cantonese), Cathy has been supporting Chinese investors in setting up and expanding business operations in the UK and Europe, as well as UK companies entering the Asia Pacific markets over the last decade.

Cathy has extensive industry experience in both the public and private sectors, having previously worked for Deloitte Consulting in China, the China-Britain Business Council (CBBC) and China Telecom Europe in the UK. Her clients include multinational corporations and SMEs in various sectors, including TMT, financial services, professional services, ecommerce/consumer, automotive and aviation manufacturing, and oil and gas.

With CIMA and CFA qualifications, Cathy also has a solid working knowledge of accounting and finance.



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# 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 diligence
- 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
- Profit reinvestment
- R&D tax credits
- Risk evaluation management
- Share options
- Succession planning
- Tax planning, compliance & advisory
- Valuations
- VAT planning
- Wealth planning

## SECTORS

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

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