

# Doing Business In The UK

## 2010

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## 1. Introduction – Geography and Essentials

The UK needs little introduction, having long been a centre of international trade and finance. The 'UK' is a specific term and means England, Wales and Scotland and Northern Ireland. It does not include the Isle of Man or the Channel Islands or the Republic of Ireland.

Although there have been recent changes to the taxation of foreign individuals and companies, the UK continues to welcome long and short term visitors from many jurisdictions. This guide attempts to set out the basic principles for anyone coming to live or work in the UK. It cannot cover every point of detail and specific advice should be sought, preferably before arrival, but it is hoped it is a useful starting point.

The UK has no wealth taxes and (with some exceptions in Scotland) has a uniform system of taxation. There is a local council tax payable by the occupiers of rented or owned residential property. Business premises are the subject of a local taxation known as Business Rates. Prices in shops and restaurants are usually quoted as inclusive of Value Added Tax. Stamp Duty Land Tax is imposed, on an ad valorem basis, on the purchasers of land or real property in the UK. National taxation is administered by HM Revenue & Customs (HMRC). The tax year (fiscal year) runs from 6 April to 5 April.

The rules for work and/or residence permits are administered by the Home Office. Citizens of the European Union may live and work freely in the UK. Citizens of other jurisdictions are advised to seek specific legal advice on their own positions before arrival.

The currency is Sterling (ie the UK is NOT in the Euro zone) and the primary language is English. The time zone is Greenwich Meantime in winter and British Summer Time (GMT +1) from March to October.

## 2. Business Entities

Businesses in the UK can operate in four principal forms:

- Sole traders
- Partnerships
- Limited Liability Partnerships
- Companies

The taxation and formalities of each are different. The levels of sophistication within each category can also vary widely.

### Sole Traders

This is an individual in business on his or her own account. There are no formal registrations or accounting requirements. These will depend on the nature and growth of the business. The proprietor may or may not have employees. The profits of the business are taxable as the income of the individual. There are special rules in the initial years, but broadly the proprietor will be taxed on the profits arising for the accounting period ending during the fiscal year in question. There is no limitation on the liability of the proprietor which can extend to the full extent of his personal assets. If there are employees then payroll taxes will be accounted for in an employee's salary/wages.

Any trading name can be used for a sole trader's business although it is not possible to use a name which is regarded as 'passing off' as another business. If this is done the offended party can approach the sole trader (possibly via the Courts) to get it changed. In other words you could not trade as 'Marks & Spencer' without the likelihood of a challenge.

A sole trader is taxed on the taxable profits generated from the business. It is irrelevant how much cash is introduced into the business and how much is taken out (as drawings) as far as tax liability is concerned. A sole trader is taxed under the Income Tax rules and is also subject to Class 2 and Class 4 National Insurance.

The accounts that a sole-trader needs do not need to follow any particular format (unlike a limited company's or LLP's accounts) and whilst they should be prepared under UK Generally Accepted Accounting Principles (UK GAAP), they need not be filed anywhere so they are private other than as part of the annual income tax return.

Any year end can be chosen although it is common to align this with the fiscal year. From a tax point of view a year end before your most profitable time of the year means that those profits will fall into the next tax year and hence you will pay tax a year later. This will help cash-flow. Another factor may be the 'Overlap Relief' that is generated by the way tax is calculated in the early years. This can be a complex issue on which advice may be needed.

In addition to trading accounts, it is necessary to prepare a tax computation which translates your accounting profit to a taxable profit, as the accounting treatment and tax treatment of some items is different. For example you will get no tax deduction for any entertaining undertaken (entertaining of staff is a separate matter which has its own rules). You will also not get a tax deduction for depreciation, however, you will get relief in respect of fixed assets via the Capital Allowances scheme. Over time the depreciation and capital allowances will broadly equate to each other.

To get a tax deduction as a sole-trader the expense needs to be incurred wholly and exclusively for the trade. This is a more generous definition than for that of an employee for whom expenditure needs to be incurred, 'wholly exclusively and necessarily, in the performance of their duties' to get a tax deduction. This means a sole trader can claim for a proportion of an expense. For instance if a vehicle is 50% used for the business and 50% is private then 50% of the running costs and 50% of the Capital Allowances available will be allowed as a tax deductible expense.

If an individual takes out a loan and invests the proceeds into the business then they should get tax relief on the interest they pay. The money borrowed must be in the form of a loan and not borrowed on overdraft to obtain the tax relief on the interest.

A sole-trader business is subject to the normal VAT and PAYE rules as any other business.

It is necessary to notify HMRC within three months of commencing in business There is a penalty charge for failure to do so.

## **Partnerships**

A partnership is two or more individuals acting with a common view to profit. The partnership is usually governed by a partnership agreement (but this is not obligatory) setting out the way in which the partnership will operate and the profits or losses of the business will be divided. The partners are jointly and severally liable for any claims against the business and again there is no limitation of liability.

A partnership is transparent for tax purposes with the profits or losses being attributable to the partners. It is not a taxable entity in its own right. Each partner will be treated as self-employed and will be subject to the same requirements as a sole-trader

However, they have the added risk of being responsible for their partners' actions as one partner can incur a partnership liability on the others behalf. If the liability incurred cannot be settled by the partnership then the person to whom the liability is owed can look to recover from each of the individual partners.

As in the case of a sole-trader the accounts of a partnership do not need to follow any particular format and whilst they should be prepared under UK GAAP, they are not publicly filed.

As well as a tax computation reconciling accounting profits to taxable profits, a Partnership Tax Return will be required. This will also allocate the taxable profits between partners. Each individual partner will need to complete their own tax return and include their share of the partnership's profit.

The profit sharing arrangements of a partnership are those agreed from time to time by the partners. They do not need to be equal and can be based on a variety of things. They can be changed year to year and can involve some partners getting a fixed sum up front (to reflect say their 'management' responsibilities) before the rest of the profits are split in the profit sharing ratio. 'Compensation' for differing levels of investment into the partnership can also be achieved by paying notional interest which is treated as a first tranche of profits before the remainder is split.

In the past many partnerships have been made up of a husband or wife (who ran the business) and their spouse (who had little other income and had little or nothing to do with the business). By then splitting the profits equally, half the profits could be allocated to the spouse to use up their personal allowance and basic rate tax bands whilst reducing the amount subject to higher rates for the active partner. There are now anti-avoidance rules which can prevent such allocations and can also deny loss relief and loan interest relief to an inactive partner.

### **Limited Liability Partnerships (LLPs)**

This is a relatively new type of vehicle created by the LLP Act 2000. It shares many of the characteristics of a traditional partnership except that the other members only have exposure to certain limits unless the claim arises from the individual's personal actions. From a tax point of view the LLP is transparent for income tax and capital gains tax purposes. The members of the LLP are taxed under the self-employed rules. This seems to give the members the best of both worlds; they are taxed as self-employed but get limited liability, however it does come with associated costs.

An LLP is required to prepare accounts in a set format as outlined by the LLP SORP (Statement of Recommended Practice). These accounts are required to be filed at Companies House so that they are on public record for everyone to see (however, depending on the LLP's size, it may be possible to file abbreviated accounts which have limited information and don't disclose the profit figure). Further, if the LLP exceeds the thresholds set out for companies to have an audit, then the LLP has to have a statutory audit undertaken.

As LLPs are a new concept in the UK, the law relating to them – particularly with respect to the extent of any limitation of liability of the members – is untested. We strongly advise that anyone considering using an LLP seeks specific legal advice.

In theory there are restrictions on the extent of the limitation of liability. If a claim exceeds the LLP's insurance the claimant would firstly claim against the assets of the LLP. Should these be insufficient, then the claimant can make further claims against the member to whom the claim relates, if he or she is found to be negligent. An 'innocent' member is therefore spared possible bankruptcy, which would be the fate for a sole trader or partner (of a partnership) in a similar position. However, the member would still be without a business (as this will no longer have any assets), will have to make good any personal guarantees (given to say the bank) and would still have loans to finance if any had been taken out to introduce funds into the LLP.

LLPs are often used for professional practices, especially the larger ones, and in recent years we have seen a number of legal and accountancy partnerships change their status to LLP. Having said that, there are still many such partnerships who have not changed, showing it is good for some but not for others. Each case needs to be considered individually.

An LLP needs to be set up at Companies House and a name can only be used if it is not used by anyone else. The 'passing off' rules, whereby you cannot use a similar name to someone else, would also apply.

It would be usual to have a Members' Agreement setting out the basis on which the LLP is to be run. This would normally cover matters such as the levels of capital to be introduced and profit sharing arrangements. This agreement does not need to be filed at Companies House.

As mentioned earlier a LLP is taxed similarly to a partnership with a LLP Tax Return required to show the reconciliation of accounting profits to taxable profits and to split the taxable profits between the members.

## **Companies**

### **a. General**

Whilst this is a separate legal entity in its own right it can be owned and controlled by a small number of people, indeed a single individual can both own and run a limited company. There are three main types of company: a private limited company; an unlisted public company and a listed public company (other types include companies limited by guarantee, which are often used for 'not-for-profit' organisations).

A private limited company is normally indicated by the letters LTD after its name and a public company is indicated by the letters PLC after its name. The difference between the two is essentially the share capital. A PLC must have at least £50,000 of share capital and 25% of this must be paid up. Only a PLC can be traded on a stock exchange.

A company's biggest advantage is that it has limited liability. In other words, if there is a claim against the business then the claimant can pursue the company itself, but not the directors (unless they have acted inappropriately) nor the shareholders. However, owners often have to give security for bank loans or have funded the company with their own money. In the event of a company going into liquidation then any security will need to be made good and any personal loans to the company will only rank alongside the other people/businesses that are owed money (unless the loan is secured by a charge on the company).

A limited company is owned by its shareholders who can be individuals or other corporate entities and is run, day to day, by its directors. The shareholders and directors are often, but need not be, the same people. A company is governed by the rules set out in the Companies Acts with more specific 'rules' laid down in its Articles and Memorandum of Association.

The existence of companies is published at Companies House together with details of the shareholders and directors and accounts. The requirement for audit and the detail of the accounts depends on the size of the company and whether or not it is listed.

The taxation of the two entities is the same. Companies are opaque and are taxable in their own right. Companies registered in the UK are automatically within the Corporation Tax (CT) regime. Non UK registered companies may also be within the CT regime if the company is centrally managed and controlled here. This is a detailed subject and has been the source of much case law. Further specific advice will be needed if this could be relevant.

If a company is within the CT regime it pays tax depending on the size of the profits. Certain investment companies do not qualify for the small companies' rate of tax. Fees paid to the directors or other employees are deductible in computing profits, but distributions to shareholders are usually taxed as dividend income and are not deductible in computing the company's profits.

## **b. Share Capital**

A company can have various different types of share each with different rights attaching to them eg some are voting, some are not; some entitle the owners to a fixed dividend, others do not. The most common type of share is an ordinary share and often this is the only type of share a company has. Shares have a monetary denomination, usually £1 but they can be for instance 1p shares.

Dividends can only be paid out of distributable reserves. Any excess distribution is illegal and may be void.

## **c. Company Secretarial Matters**

A Company must be set up and registered with Companies House and an annual return has to be filed showing the names of directors and shareholders. Any changes to the directors (and their details eg their address), the company secretary, the registered office, the year end etc need to be advised using a specific Companies House form. The very great majority of company secretarial filing is now dealt with online.

## **d. Statutory Accounts**

A company is also required to prepare accounts (known as financial statements) in a specific form. The basis of preparation of the accounts is set out in the Companies Acts and should usually follow UK GAAP (although International GAAP may be used in some cases). These require various levels of disclosure, depending on the company's size and type. With the continually changing UK GAAP it would be difficult for the average director to prepare the company's accounts and this task is usually left to the company's accountants.

A company is required by law to have an audit if for two consecutive years it has:

- turnover of more than £6.5m and/or
- It has gross assets of more than £3.26m

The monetary limits apply for accounting periods beginning on or after 6 April 2008 and were lower beforehand. There can be different limits for groups of companies.

An audit will need to be performed by a registered auditor who will give their opinion on whether the accounts show a 'true and fair' view.

Whilst full statutory accounts are required each year for the shareholders, accounts that are required to be filed with Companies House can be in an abbreviated format if certain conditions are met. A private limited company needs to file its financial statements at Companies House within nine months of its year end whilst for a public company the deadline is six months. If you file late then penalties apply.

### 3. Taxation of Businesses

#### a. Sole Traders/Partnerships/LLPs

If you are starting up in business on your own there are a number of tax issues to be aware of. One of the first matters to consider is your accounting period end. For tax purposes you should be aware that, on an ongoing basis, tax is charged on the profits of the accounting period ending in the tax year.

The tax year runs from 6 April to 5 April, If an accounting period ran to 31 March 2009 this falls, for tax purposes, into the tax year 2008/09. By contrast, if the accounting period runs to 30 April 2009 the profits form the base for the tax year 2009/10. You will appreciate that this gives a longer interval between earning the profits and paying the tax, which is good for cash-flow provided that profits are rising.

The tax position when you first start to trade is a little more complicated and can result in some overlaps with profits being taken into consideration twice. This is collapsed at the end of a trade when 'Overlap Relief' is given. There are some opportunities for planning here so taking advice early is wise.

Tax payments are due for the first tax year on 31 January following the end of the tax year. Thereafter payments on account of tax are due on 31 January in and 31 July following the year of assessment, each instalment being 50% of the tax due for the previous year and the balance is payable on 31 January following the tax year.

As an example, using the two accounting period ends above, if a business commenced 1 January 2008, it would be taxed as follows:

	<b>31 March 2009</b>	<b>30 April 2009</b>
<b>Tax year 2007/08</b>	<b>Profits 1.1.08 – 5.4.08</b>	<b>Profits 1.1.08 – 5.4.08</b>
Tax payable	31 January 2009	31 January 2009
<b>Tax year 2008/09</b>	<b>Profits to 31.03.09</b>	<b>Profits to 31.12.08</b>
Tax payable based on 2007/08	31 January & 31 July 2009	31 January & 31 July 2009
Balancing payment	31 January 2010	31 January 2010
<b>Tax year 2009/10</b>	<b>Profits to 31 March 2010</b>	<b>Profits for 12 months to 30 April 2009</b>
Tax payable based on 2008/09	31 January and 31 July 2010	31 January and 31 July 2010
Balancing payment	31 January 2011	31 January 2011

#### b. Limited Companies' Taxation

A company is taxed each year on its taxable profits. The taxable profits are based on the year end accounts although they will differ from the accounting profit for a number reasons where the tax deductions for expenditure do not match the accounting treatment.

It should also be remembered that the payment of a dividend is an appropriation of profits rather than a business expense so no corporation tax deduction is received. For some companies the National Insurance cost of paying a salary or bonus can nonetheless make it better to pay a dividend and advice on extraction of funds from companies is needed.

### c. Corporation Tax Rates

For a single company, the corporation tax rates are:

		Year to 31 March 2010	Year to 31 March 2011	Year to 31 March 2012
First £300,000	Small company	21%	21%	20%
Next £1,200,000	Marginal	29.75%	29.75%	28.75%
Over £1,500,000	Full	28%	28%	27%

The UK Government has announced that it intends to reduce the full rate of corporation tax by 1% a year until it reaches 24% in 2014/15. The small companies rate will stay at 20% and the marginal rates will change accordingly.

However, if there is more than one company controlled by the same individual (or group of individuals) then the rate bands are divided by the number of what are known as 'associated companies'. For instance if there are ten trading companies in a group then for each company a taxable profit of over £30,000 ( $£300,000 \div 10$ ) will push them into the marginal or full company rate. The definition of associated companies is complicated and covers companies world wide. Advice should therefore be sought on how an additional company may affect other companies already controlled.

### d. Tax Payment Dates

If a company is paying corporation tax at the small company or marginal rate of tax then the tax is due within nine months and one day of its year end. For an accounting period ended 31 December 2009 the corporation tax will be due 1 October 2010.

If a company is paying the full rate of corporation tax then it falls into the payment on account scheme. This requires four payments to be made, the first is due six month and 14 days after the year starts, the second is due nine months and 14 days after the year starts, the third is due 14 days after the year end and the final payment is due three months and 14 days after the year end. In a perfect world these instalments should be equal payments which total the final liability. However, as most of the instalments will be made prior to knowing what the full liability is, then these will need to be estimates. If any payments prove to be too low or indeed too high then HMRC will charge/pay interest at the official rate.

### e. 'Late' Tax Adjustments

Once a year end has passed it is difficult to change a company's accounting and taxable profits by further action. However, if an obligation existed at the balance sheet date, for say a director's bonus that depended on the results of the year, then it is possible to accrue a proposed bonus and if the bonus is paid (ie processed through the payroll) within nine months of the year end, then a corporation tax deduction can be taken.

### f. Non Resident Businesses

The UK may seek to tax the profits of a branch or agency of a foreign business in the UK particularly if it has a permanent establishment here. A branch can constitute as little as one person, so any type of representation here should be considered carefully to establish the tax exposure.

#### 4. Payroll Taxes

When a UK business takes on an employee it takes on with it a host of responsibilities. There is a vast amount of employment law to consider as well as the taxation aspects. The legal aspects of taking on an employee are beyond the scope of this guide, but further advice can be sought from an employment law specialist.

When you have decided to take on your first employee you will need to register with HMRC to get a Pay As You Earn scheme (PAYE).

A payroll calculation then works out the Income Tax and employee's National Insurance (NI) that needs to be deducted from each employee's wages/salary and also the employers' NI due. The business then pays their employee their gross pay less the Income Tax and employee's NI deducted. These deductions together with the employers' NI then need to be paid to HMRC. This needs to be paid by the 19<sup>th</sup> of the following month.

Employers' NI is at 12.8% and is a large cost although it is deductible in computing the employer's profits. Increases of 1% in all rates of NIC have been announced for 2011/12 although there are certain "holidays" available to encourage employment in disadvantaged areas.

At the 5 April each year, year end payroll forms are required to be submitted to HMRC summarising the deductions the business has made. HMRC will then check that the deductions shown on the form equal the payments actually made. Any late payments after 19 April will be subject to interest.

At the year end each employee will be issued with a P60 which summaries their pay and deductions for the year.

It is also necessary to prepare forms P11d which summaries any non-cash benefits given to employees. Such items would include company cars, health insurance and personal tax fees. The fines for completing a P11d incorrectly can be a maximum of £3,000 per form so beware – get them right.

Once you have five or more employees (if you do not already have an occupational pension scheme in place) you have to offer your staff a Stakeholder Pension Scheme and again advice should be sought on all types of employee benefits packages, which Mercer & Hole can help with. The rules relating to all pensions in the UK are in a state of transition at present and advice should be sought before undertaking any pensions connected transactions.

## 5. VAT

Value Added Tax (VAT) is the UK's version of Goods and Services Tax. The standard rate is currently 17.5% but this will increase to 20% on 4 January 2011. Vat is applied by registered businesses to the value of the goods or services supplied and they then pay the appropriate sum over to HMRC on a quarterly basis. The VAT incurred by businesses (known as input tax) is deducted from the amount they have charged (output tax) and it is this difference that must be accounted for to HMRC. Any business with a turnover exceeding £70,000 in any twelve month period or expected to exceed this figure in the next 30 days must register with HMRC. This is the turnover figure from 1 April 2010 - the threshold figure changes for each fiscal year.

Once registered there are numerous compliance obligations from the format of invoices to making quarterly VAT returns and payments. It is a complex tax and there are onerous penalties for errors or late returns. VAT at the standard rate applies to most transactions but there are certain supplies with a lower rate of tax and still others which are either exempt or zero-rated.

VAT is a territorial tax but there is a similar system throughout the EU and any business trading with a country other than the UK should seek detailed advice on the operation of the VAT system for them.

## 6. Taxation of Individuals

The UK taxes individuals on the basis of their residence and domicile status. There is no statutory residence test. Current practice is based largely on the number of days spent in the UK. Very broadly, one is UK resident if physically present at midnight for at least 183 days in a fiscal year or present for an average of at least 91 days over three years. Domicile is a concept of general law that links an individual with a particular jurisdiction throughout his life. It is related to, but not dependent upon nationality and typically it is the place one would regard as one's permanent home.

HMRC are unlikely to give formal rulings on residence or domicile status and it is left to the self assessment process (see below). This can cause difficulties where the authorities of another jurisdiction require a certification of UK residence. If such a certificate is required it is preferable to seek professional advice.

Where an individual is UK resident he is taxed on his worldwide income and gains unless he is able to claim the remittance basis. The remittance basis is available to those not domiciled in the UK and in that case one is taxed only on UK source income and gains plus amounts of overseas sources brought to the UK.

We have very detailed rules setting out the circumstances in which the remittance basis can be claimed and what constitutes a remittance to the UK. There are certain costs attached so it is not to everyone's advantage and each individual's position needs to be considered to establish the best way forward. There is a wide network of double tax treaties which may alleviate overlaps between the UK and other jurisdictions.

We have a system of self assessment and it is up to the individual to report their income and gains to HMRC on a tax return by 31 January following the end of the year in question (if filing electronically). Tax is paid either under PAYE from salaries or under the self assessment system at 31 January and 31 July each year. Where individuals are sole traders or members of a partnership, their business profits will form part of their personal tax return.

For 2009/2010 rates of tax are at 20 or 40% with the higher rate applying to income over £37,400. From 6 April 2010 the top rate increases to 50% for income over £150,000. There is a special rate of tax for UK dividend income at 32.5%. which will increase to 42.5% in 2010/11.

National insurance contributions are due on income from UK earnings at rates of up to 11% on income of up to £770 pw and 1% thereafter. Individuals who are self employed (including a member of a partnership or LLP) pay two special classes of national insurance contributions. One is a small flat amount of £2.40 per week whilst the second is 8% of profits between £5,715 and £43,875 and 1% thereafter. Rates and thresholds change each fiscal year and you should check the current rate applicable.

Personal allowances are available to those who do not use the remittance basis and where total income is less than £100,000 in a year. Personal allowances operate so that the first £6000 approximately of income in a year is tax free. The rate of allowances changes each year and it is expected that any relief available will be limited to basic rate only for 2011/12 onwards. There are relatively few other deductions for individuals. There is an element of relief for pension

contributions(although this too is being restricted) and certain tax favoured investments and also relief for charitable donations. There is no deduction for married couples or for children.

Non residents pay tax only on UK source income.

Trusts are a popular vehicle in the UK for holding assets within a family and there may be particular advantages for some people in holding assets via a non UK trust. The area is complex as there are particular tax regimes applying to trusts and estates where any of the trustees, beneficiaries or settlor is resident in the UK and advice should be sought. Similarly, great care needs to be taken if one becomes UK resident owning part of a non UK company which you have either a significant interest in or influence over. There are anti- avoidance rules which can lead to the settlor or person of influence being taxed on the activities of the underlying entity.

## **7. Capital Taxation**

Until 22 June 2010 Capital Gains are taxed at 18% of the difference between proceeds and cost. From 23 June 2010 the rate increases to 28% for higher rate taxpayers. For those being taxed on a worldwide basis there is a tax free amount of approximately £10,100 per year. There is a limited relief available known as entrepreneur's relief which can reduce the tax payable on the first £5m of gains from the sale of a business.

Non residents are not subject to capital gains tax even on UK situated assets but there are some anti-avoidance rules which apply where a person has become non resident having previously been UK resident so care is needed.

The gift tax in the UK is known as Inheritance Tax (IHT). This is a donor based tax and the taxable estate is subject to 40% IHT on death. Certain transactions – such as the creation of trusts – can create a 20% lifetime charge. Most gifts between individuals are 'potentially exempt' which means they will be free of tax if the donor survives seven years from the date of the gift otherwise they are effectively added back into the death estate.

The actions of certain companies which are controlled by fewer than five people (related and associated people may count as one person) may be attributed to the controllers.

There is a nil rate band below which IHT is not charged. It is currently £325,000 but changes annually. Transactions between spouses who are both either UK domiciled or both not UK domiciled are exempt.

It should be noted that IHT does not depend on residence at all. If a non resident individual dies owning property in the UK (or has given away such property in the 7 years preceding death) with a value in excess of the nil rate band there may be an IHT liability.

Individuals who are not domiciled in the UK may only be taxed on their UK estates unless and until they remain UK resident for more than 16 fiscal years. After this time they will become deemed domiciled in the UK which means their worldwide estate will come into charge.

Anyone owning property in the UK is strongly advised to have an English Law will in place as this can be drafted so as to minimise any IHT on the estate and will also expedite the probate process.

## 8. Stamp Duty Land Tax

Stamp Duty Land Tax (SDLT) is payable on almost all transactions involving a transfer of land. The rates of tax are currently:

Value of Land	Rate Of Tax
< £125,000	0%
£125,001 – 250,000	1%
£250,001 – 500,000	3%
£500,001 +	4%

It should be noted this is not a progressive tax but rather the rate stated applies to the whole of the consideration depending on which band it falls into. A property sold for £510,000 will attract SDLT of £20,000. SDLT is paid by the purchaser at the time of completion of the contract. It applies to leasehold and freehold properties. It can also apply on changes to certain ratios within partnerships so can be a significant expense for businesses. There are certain reliefs available for first time buyers and property in disadvantaged areas.

## . Contact Details

For further information and advice on any of the matters covered in this guide and any other matters relating to the UK please contact:



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