

SEVERAL OPTIONS TO DEVELOP YOUR ACTIVITY ABROAD

Non Stable Establishments – Only for representation purposes**1) The RFE – Representative Foreign Company:**

This status provides an "Employer" number in the UK without being implanted directly. Therefore, this status allows hiring staff representative to United Kingdom acting on behalf of the Parent Company and traces all necessary feedback & data to its development. The RFE cannot be responsible for the whole commercial cycle or the Parent Company may risk a tax requalification.

2) The Liaison Office / Representative Office :

Since 1st October 2009, this form of representation no longer exists as such in the UK – Ref :The Overseas Companies Regulations 2009/1801.

5) The Fiscal Representative/Agent: Its role is to represent the Foreign Parent company for Tax & VAT issues when a stable establishment is not registered locally & when business transactions are requiring Tax & VAT to be declared locally.

Stable Establishments – English GAAP compliance

3) The Subsidiary: A British registered company whose paid up capital is partially or fully owned by the parent company (ref: How to form an SARL/Private Limited Company). Submitted to English laws & taxation, Cf Companies Act 2006.

4) The Branch called "UK Establishment":

Foreign Establishment - No paid up capital in UK. Submitted to English laws & taxation. Submit the consolidated accounts with Companies House. Cf The Overseas Companies Regulations 2009/1801.

THE BRANCH

Legal Aspects

The Director of the branch does not have to be a UK resident or a UK national (so the Director of the Head Office can also be the Director of the branch)

Once the branch is set up, it will receive a **Certificate of Incorporation** and a Registration number, like all English companies.

To establish a branch, no separate social capital is required. Therefore, the Head Office is legally responsible for the Branch.

Also note that the Memo & Articles of the Head Office must be translated into English.

Fiscal and Accounting Aspects

- The branch is totally dependent on English Laws and Taxation.
- The branch must have its own accounts/ books. The accounts must strictly obey English Laws. It is important to note that English accounting methods immensely differ from their French counterparts. In order to ease the integration of the British trial balance into the accounts of the Head Office at the financial year end period, the British accounts must be set up in harmony with the accounts of the Head Office.
- The Client and Supplier invoices must be included in the British accounts and not in the Head Office accounts.
- In case of loss, the Head Office must integrate the deficit and in case of gain, it will consolidate it into its own accounts.

Social Aspects**Common Rule**

Social security charges must be paid in the country where the employees are based (ROME Convention) If the Branch recruits in the United-Kingdom, the employees must be declared in the United-Kingdom and social security charges must be paid in the United-Kingdom (cf: *Main Issues: Recruitment*).

Exceptional case : "detached employee"

The Head Office can send an employee to a foreign branch for a short term or long term period.

In that case, after the authorisation of social government bodies (INLAND REVENUE in the UK or CLEISS in France), the employee of the branch can remain under the Head Office's payroll system in terms of payslips, work contract and social security charges. This authorisation is valid for a two-years-period maximum. If under a year the employer will receive a E101 form and beyond one year and within the limit of an additional year, the request will be via the E102 form.

The issue of the income tax has to be treated separately.

Documents to be provided**1) Concerning the Head Office:**

- Documents of incorporation from the Head Office (must be translated into English)
- Activity of the Head Office
- List of directors / Annual return
- Proof of registered address

2) Concerning the Director:

- Copy of document proving his/her identity
- Proof of his/her place of residence
- Affidavit
- Minutes certifying the appointment of the Director in the United-Kingdom and the scope of his/her powers.

3) Concerning the branch:

- Certificate of domiciliation or Lease (address in the United-Kingdom)
- Corporate Profile concerning the branch's activity in the United-Kingdom

Time required for incorporation: min 10 working days

IF YOU NEED ADVICE OR ASSOCIATED SERVICES: PLEASE CONTACT US!

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