

A guide to UK taxation

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GREAT

BRITAIN



An internationally competitive tax offer



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Foreword

The Government's goal is to make the UK the best place in the world to locate an international business.

We have one of the most open economies globally, a highly skilled workforce, access to capital markets and first-class infrastructure.

The UK now also has a highly competitive corporate tax system.

Since 2010, the Government has undertaken a comprehensive review of the UK tax system, consulting with business on the direction and design of our reforms. We have made tax policy simpler, more transparent and therefore better suited to a globalised trading world and to modern business practice. We believe that the corporate tax system can and should be an asset for the UK, improving the business environment and helping to attract multinational companies and investment.

We are committed to creating the most competitive tax regime in the G20, and we are delivering on this ambition.

The corporation tax rate is currently 23 per cent and will be reduced further to 20 per cent by 2015 - the lowest it has ever been in the UK, the lowest in the G7 and joint lowest in the G20. The UK has completely changed the basis on which it taxes overseas profits, moving from a system of worldwide taxation to a broadly territorial system where the focus is on taxing profits in the UK.

We have also made changes to ensure the UK is the destination of choice for creative and high-tech industries. The Patent Box reduces the cost of commercially exploiting intellectual property. The UK offers generous and flexible credits against the cost of Research & Development (R&D), with a new, internationally competitive 'above the line' R&D credit introduced for large companies. We are also introducing significant tax reliefs to support our creative sectors: the new animation, high-end television and video games tax reliefs will build on the success of the existing film tax relief system, which last year provided over £200m of support to 320 films.

The Government's reforms are shifting perceptions of the UK tax regime. With a clear strategy for reform, based on principles that underpin a modern, transparent, efficient tax system, the UK provides the certainty needed for long-term financial planning and investment.

The Government is sending out the signal loud and clear that Britain is open for business.



George Osborne MP
Chancellor of the Exchequer



Lord Green
Minister of State for Trade
and Investment





Welcome to the UK



Executive summary

“Government is focusing on creating the conditions for private sector investment and growth. This means a competitive and stable tax system which provides business with the confidence to invest and expand.”

HM Treasury

The Corporate Tax Road Map,
November 2010

The UK corporation tax rate has been reduced from 28% in 2010 to 23% in 2013. It will be further lowered to 21% in April 2014 and to 20% in April 2015.

The UK tax regime

The UK Government is committed to creating the most competitive tax regime in the G20 and has reformed the corporate tax system to make it more attractive to international businesses.

The corporation tax rate has already been reduced from 28 per cent to 23 per cent and will be cut further to 21 per cent in 2014 and to 20 per cent in 2015. This is by far the lowest in the G7 and the joint lowest in the G20.

There are new flexible and competitive rules for taxing the profits of multinationals - including a modernised Controlled Foreign Company (CFC) regime - as well as an extensive treaty network, making the UK an attractive location for headquarters, regional holding companies and global or regional business hubs.

There are highly competitive reliefs for innovative and high-tech industries:

- New 'Patent Box' rules mean that a corporation tax rate of just 10 per cent will apply to profits from the development and exploitation of patents and certain other intellectual property in the UK.
- An internationally competitive 'above the line' R&D (research and development) credit.
- Generous tax reliefs for animation, high-end television producers and video games.

G20 corporation tax rates 2015*

G20	Rank	Rate
UK	1	20%
Russia	1	20%
Saudi Arabia	1	20%
Turkey	1	20%
Korea	5	24%
China	6	25%
Indonesia	6	25%
Canada	8	26%
South Africa	9	28%
Mexico	9	28%
Germany	11	29%
Australia	12	30%
Italy	13	31%
India	14	32%
France	15	33%
Brazil	16	34%
Argentina	17	35%
Japan	18	38%
USA	19	40%

*Based on announced plans

Source: KPMG Global Tax Rates Online



£1,516 billion

UK GDP 2011

20%
corporation tax
from April 2015. The rate is currently 23% and will be 21% from April 2014



The world's 6th largest trading nation



Population:

63,200,000



4

Four of the world's top ten universities



Over 70 airports and 40 major ports



The UK is the top destination in Europe for FDI



Joint lowest corporation tax rate in the G20

from April 2015 based on announced plans



The World Bank ranks the UK third in Europe, and seventh in the world, for ease of doing business

The UK: destination of choice for international investment

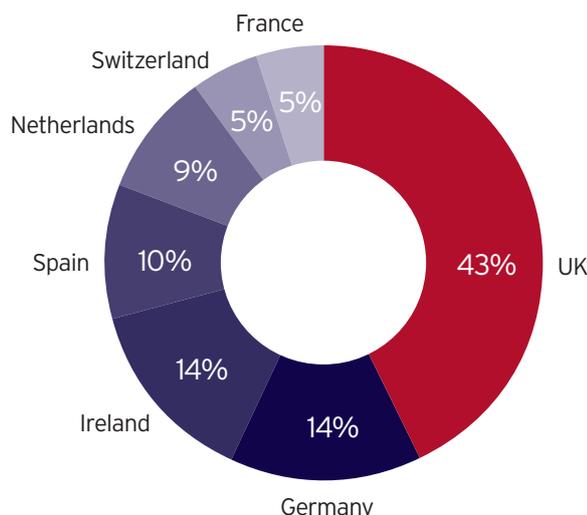
The UK has a long history as a trading nation and is the sixth largest in the world today¹. The Government is acutely aware of the importance of remaining competitive and continues to focus on the UK's appeal as a location for global investment. Underlining this is a commitment to the modern international principles of fair and open trade.

With extensive air, rail, port and road networks, and as a member of the EU, the UK provides ready market access to Europe. The UK also has a highly skilled workforce and four of the top ten universities in the world². In addition, the country has a world-class business infrastructure, with a legal system known for its clarity and ability to handle commercial disputes. English law is widely used in international contracts.

An overseas business investing in the UK can register a company, set up banking facilities and start trading very quickly - and receive the same support from the UK Government as any domestic firm.

Because of these factors, the UK is the top destination in Europe for foreign direct investment. In the World Economic Forum's 2012-13 Global Competitiveness Report, the UK rose to eighth place for overall competitiveness, while a recent study carried out by KPMG International ranked the UK as the lowest-cost destination among established markets in which to do business³.

Top European locations for new inward investment projects with HQ operations, 2012



Source: Financial Times fDi Markets database, percentages shown of a total 199 new inward investment projects with HQ operations in 2012

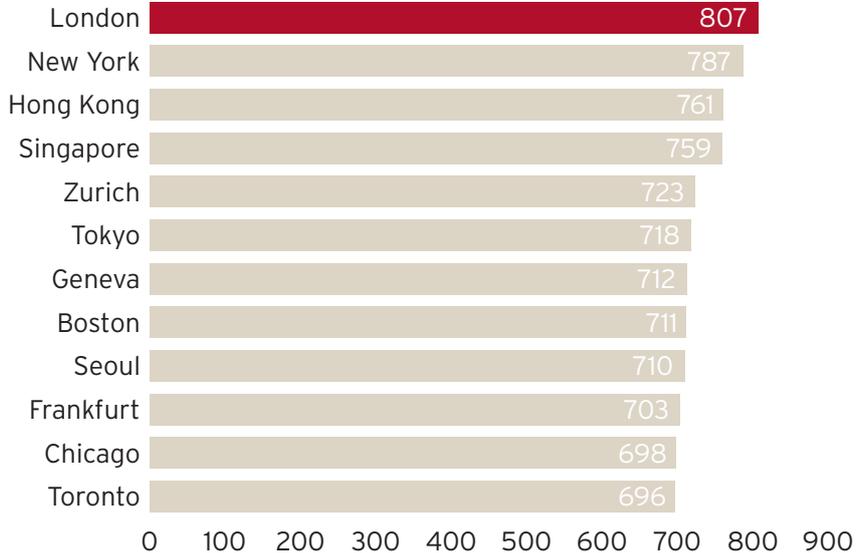
1. UNCTAD, 2011

2. QS Top University Rankings
<http://www.topuniversities.com/university-rankings-articles/world-university-rankings/mit-top-201213-qs-world-university-rankings>

3. KPMG's 2012 Competitive Alternatives study.
www.competitivealternatives.com



London Global Financial Centres Index 2013 ranking as a financial centre



Source: Global Financial Centres Index 2013, Z/Yen Group

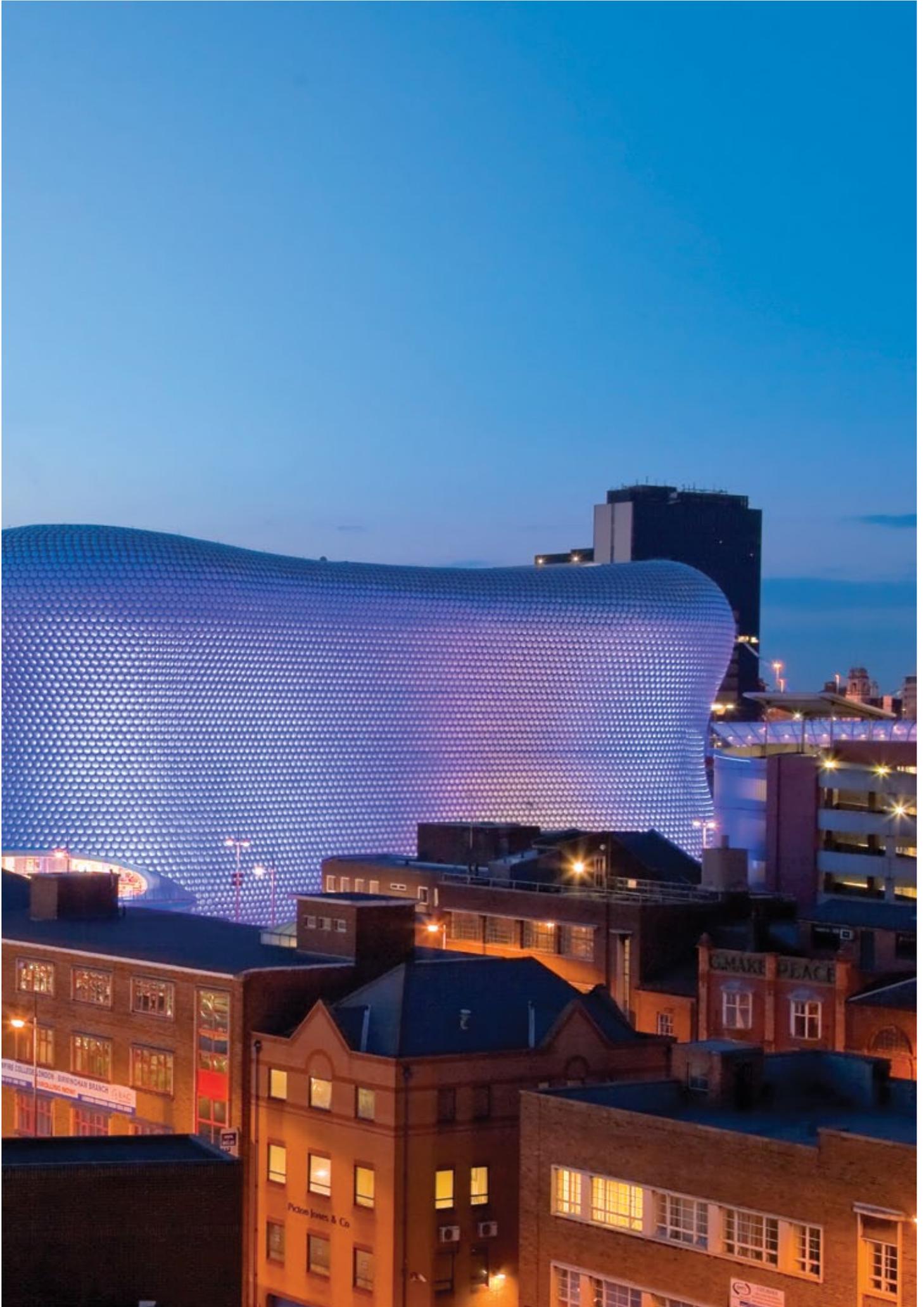
London's excellence in financial and business services makes the UK an ideal location for international activity. The UK has consistently attracted more headquarter operations than any other location in Europe. Furthermore, nearly 40 per cent of the world's currency exchanges take place in the UK⁴.

The UK's dynamism is not limited to financial services. Car manufacturers are performing strongly, the UK has attracted major R&D investments from a range of the world's top life sciences companies, and 'Tech City' in East London is fostering innovation in the high-growth information technology sector.

The UK acts as the hub of the world's trading nations; from American markets to the west and Asian markets to the east, and as a gateway to Europe. In 2012, Chinese investment into the UK came through a diverse range of sectors, including utilities, aviation, food and clothing.

As the London 2012 Olympic and Paralympic Games demonstrated, the UK takes great pride in offering a warm welcome to all and the opportunity to compete against the best in the world - in business as well as sport.

4. Triennial Central Bank Survey on 'Foreign exchange and derivatives market activity' last conducted by the Bank for International Settlements in April 2010 <http://www.bis.org/publ/rpfx10.htm>



The UK corporate tax regime

The UK Government's aim is to create the most competitive corporate tax regime in the G20

Since 2010 corporate tax policy has been reformed to deliver the policy objectives of lower tax rates and a broad tax base, focused on taxing profits generated in the UK.

Delivering reform: the Corporate Tax Road Map

In 2010, the Government published the Corporate Tax Road Map setting out the UK's strategic approach to tax reform. The road map sets out the following principles in order to give business the certainty it needs to invest in the UK and to provide a clear and consistent direction for reform:

- A low corporation tax rate with few reliefs and allowances to minimise distortions
- A stable tax system which avoids unnecessary changes to tax legislation
- Tax policy which is aligned with modern business practice
- Tax legislation which minimises complexity
- Tax administration which maintains a level playing field for taxpayers
- A transparent and consistent approach to policy-making, engaging fully with taxpayers in the development of policy

The road map set out our ambitions for reform in four areas:

- A focus on reducing the main corporate tax rate
- A territorial tax system
- The Patent Box
- Improving R&D tax credits

The Government is now delivering on all of these policy commitments in consultation with business.

Reductions in the main corporation tax rate

The main rate is currently 23 per cent and will drop further to 21 per cent in April 2014 and to 20 per cent in April 2015. The UK does not have any additional local taxation on companies' profits. The UK's main corporation tax rate is the lowest in the G7 and will be joint lowest in the G20.



A territorial tax system

The UK has moved from a system of worldwide taxation for UK companies to a broadly territorial tax system, where the focus is on taxing profits earned in the UK. The key planks for this new approach are a **dividend exemption**, an **elective branch exemption** and a reformed **Controlled Foreign Company (CFC) regime**.

The purpose of the UK's CFC rules is to protect the country from the artificial diversion of UK profits to overseas companies that are controlled from the UK and located in low-tax jurisdictions.

The UK's CFC rules exempt profits earned in controlled overseas companies from UK tax, unless they have been artificially diverted from the UK. The new rules were applied from 1 January 2013.

Special rules apply to overseas finance profits, earned by a CFC from loans to overseas companies. In broad terms, the rules allocate 25 per cent of the net profit to the UK, giving an effective tax rate of five per cent from 2015. In certain circumstances, full exemption will apply, for example where the overseas finance company was financed through a rights issue of shares, or where the funds used to make loans were generated outside the UK.

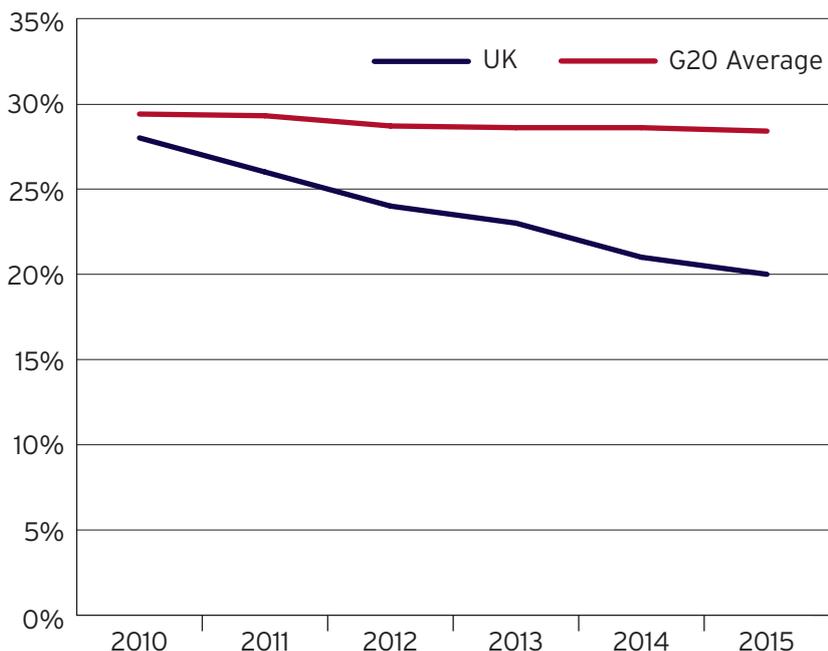
Multinationals moving to the UK are able to make use of a one-year exemption, to allow any restructuring necessary for them to be able to take advantage of the other available exemptions.

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Over the last couple of years I have noticed greater willingness on the part of government to talk to us, to understand our issues and a greater realisation that talking to business can actually help both parties.

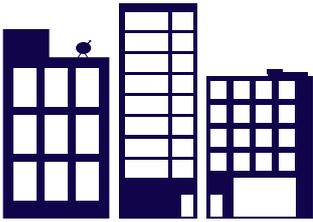
**EMEA tax director
of a global technology firm**
KPMG UK Tax Competitiveness
Report 2011

Corporate income tax (top combined rates)* UK vs G20, 2010-15



*The combination of the main rate and any surtaxes, surcharges or municipal taxes that might apply

Source: KPMG Global Tax Rates Online



The UK has consistently attracted more HQ operations than any other location in Europe

A new elective tax exemption for overseas trading branches of UK companies allows a choice between potential loss relief (and taxation of profits, with double tax relief) and exemption for both profits and losses.

A complete exemption from tax on dividends in almost all circumstances was introduced from 1 July 2009. Unlike some other countries, the exemption is 100 per cent, there is no rule limiting tax deductions for expenses and no holding or minimum underlying tax rate requirement.

At the same time, the UK continues to offer generous tax rules for interest expense, with no restriction for the funding of overseas investment. The current Government re-committed to this policy in 2010. The rules are subject to the arm's length principle, where finance comes from related parties. There is a limitation where the deductions claimed in the UK exceed worldwide third-party interest expense, and there is also provision to protect against abuse.

i The UK as a holding company location

- The tax changes in the UK over the last few years mean that the country is now a highly attractive location for a headquarters or holding company.
- It offers an attractive corporation tax rate, combined with dividend and capital gains exemptions.
- The UK is unusual in not having an outbound dividend withholding tax and, under the country's wide treaty network, withholding taxes on interest and royalties are often reduced to zero.
- HM Revenue & Customs (HMRC) can support taxpayers in agreeing Advance Pricing Agreements (APAs) with other fiscal authorities for complex transfer pricing issues, or in agreeing them unilaterally with HMRC.
- In 2002, the UK introduced an exemption from tax on capital gains realised on the disposal of a 10 per cent or greater shareholding in a trading company. The selling company must be a member of the trading group and the shareholding held for at least a year. There are also a number of reorganisation reliefs, which permit groups to be demerged tax-free.



Allowances

There are a number of allowances that take account of capital depreciation.

International taxation

The UK has one of the largest networks of treaties in the world, covering over 100 countries. UK treaty policy over many decades has been to reduce withholding taxes on interest and royalties to zero wherever possible. At the same time, the UK is keen to negotiate a wide range of tax information exchange agreements, or provisions in full double tax treaties. The UK participates actively in the OECD.

The UK is well used to negotiating with other countries under the 'competent authority' provisions in relation to transfer pricing adjustments. The OECD Transfer Pricing Guidelines have been included in UK transfer pricing law and thus govern the UK's approach to transfer pricing.

There is no dividend withholding tax in the UK, irrespective of the location of the recipient⁵.

The UK is a member of the EU and its tax rules are consistent with all the EU's direct tax directives. These include the Parent-Subsidiary Directive (typically exemption from withholding tax on EU-source dividends); the Mergers Directive and the Limited Interest and Royalties Directive.

The UK has decided not to participate in the proposed Financial Transactions Tax and both the current and previous UK governments indicated that the UK would not participate in the Common Consolidated Corporate Tax Base (a form of unitary taxation) under discussion within the EU.

5. There is one exception: dividends from tax-exempt Real Estate Investment Trusts (REITs), essentially property investment businesses, are subject to a 20 per cent withholding tax, which is reduced to 15 per cent under recent tax treaties.

Innovation and creativity

A highly competitive range of incentives forms part of the UK Government's ambition to make the UK the technology centre of Europe.

Innovation in the UK

The UK has recently undertaken a series of tax reforms and now has a competitive and comprehensive regime to support the development and exploitation of intellectual property (IP). This includes an extensive **R&D credit regime** complemented by favourable provisions for the commercialisation of innovation in the shape of the new **Patent Box**.

The UK Government has also recently announced **additional reliefs** to support producers of animation, high-end television and video games.

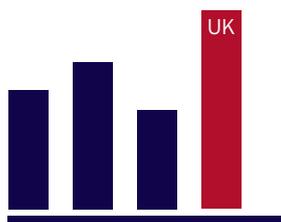
Patent Box

As part of the Government's aim to encourage innovation in the UK and ensure the commercialisation of UK IP here, a new **10 per cent corporation tax rate** has been introduced that applies to Patent Box profits. This is a significant saving as compared to the main headline tax rate of 20 per cent (by 2015).

The new Patent Box provides an attractive opportunity for businesses to reduce the costs associated with the commercial exploitation of IP. The regime is flexible and generous and should prompt global businesses to give favourable consideration to using the UK as a place to invest in innovation.

The relief applies to worldwide profits from inventions patented by the UK Intellectual Property Office, the European Patent Office and certain other patent offices. The range of qualifying income is broad - it is not only royalties and income from the sale of patents that qualify for this regime; profits from the sales of products that incorporate a patented innovation are also eligible.

A company qualifies if it owns (or licenses on exclusive terms) qualifying patents and has either created or developed the patented innovation or a product incorporating it. If another group or company has carried out this development, the firm must have responsibility for and be actively involved in the ongoing decision-making concerning the further development and exploitation of the patent. A company can benefit from the regime even where it did not create the original IP. This supports the objectives of the Patent Box to encourage continuing development and commercial exploitation of patents by UK businesses.



The Foreign Exchange Market in the UK is the largest in the world: nearly 40% of the world's currency exchanges take place in the UK

R&D credits

The UK has a generous and internationally competitive R&D credit system. There are different regimes tailored to large companies and small- and medium-sized enterprises (SMEs). Both regimes aim to encourage companies to undertake R&D activity in the UK.

For large companies, the existing 'super-deduction' regime provides an **overall 130 per cent tax deduction** for qualifying R&D expenditure. This regime has recently been further enhanced by the introduction, from 2013, of the '**above the line**' (ATL) credit for large companies. This allows companies to offset the benefit of the credit against the R&D cost in the accounts - creating an immediate cost reduction. The ATL credit will be ten per cent of qualifying R&D spend and payable to companies with no tax liability. This credit regime will initially work alongside the existing R&D 'super-deduction' system, giving businesses the choice of which regime to claim under. From 2016, the 'super-deduction' system will be replaced by the ATL regime.

The ATL regime provides enhanced visibility of the benefits of the relief to business management outside of the tax department. This should allow global decision-makers to see more easily the cash benefit of locating R&D activities in the UK. For foreign investors into the UK, this new ATL relief could also help preserve the full benefit of double tax relief and so help preserve the value of the R&D credit in the worldwide group. The regime now provides large loss-making businesses the potential for immediate cash benefits to support further R&D.

The SME scheme allows eligible companies to claim an **overall deduction of 225 per cent** on qualifying R&D expenditure. Loss-making companies can exchange tax losses attributable to R&D relief for a payable cash credit at a rate of 11 per cent.

Typically, the R&D tax credit schemes allow a large company to **reduce qualifying R&D costs** by approximately eight per cent and a SME by approximately 25 per cent.



Tax relief is available in many creative industry sectors and for virtually all technology IP

Film tax relief

The film tax relief offers a payable corporation tax credit worth up to 25 per cent of qualifying expenditure. In order to be eligible for tax relief, films need to be certified as culturally British by passing a cultural test to be administered on behalf of the Department for Culture, Media and Sport. Since its introduction in January 2007, film tax relief has supported £5.5bn of investment into 825 British films, which have received roughly £800m in relief.

Creative sector reliefs

The Government is introducing competitive new tax reliefs for the animation, high-end television and video games industries. These new reliefs form part of the Government's ambition to make the UK the technology centre of Europe and will be among the most generous available in the world.

The Government will model these new reliefs on the successful model of the existing film tax relief, which provided more than £200m of support into over 300 films in 2011-12. The new reliefs will offer a payable tax credit worth up to 25 per cent of qualifying production expenditure.

Companies will be eligible for relief on all qualifying expenditure incurred directly in the production of a particular programme or game. As with the film tax relief, in order to be eligible for relief, productions will need to be certified as culturally British.

Wider issues

The UK also has an established tax regime dealing with the wider issues associated with the taxation of IP. The main elements of this regime were introduced in 2002, modernising the tax treatment of IP in the UK and ensuring that tax relief is available for virtually all technology IP.

Integral to making the UK a competitive location for IP-rich businesses is the legal system, which provides a regulatory environment that encourages innovation and enterprise. Any IP-owning business based in the UK benefits from an advanced and expert legal system supported by an extensive IP treaty network, specialist IP judges and access to the expertise provided by the UK Intellectual Property Office.

i The UK as a location for high-technology operations

The combination of the R&D credit regime, the new ATL R&D credits, the low 10 per cent tax rate on profits from patents and the broadening of reliefs for the creative sector makes the UK a very attractive location for businesses with high-technology operations. This is in addition to the wider corporate tax reforms and an advanced legal regime.



Other taxes

This section outlines the other taxes that impact on businesses and individuals relocating to the UK.

Personal taxes

Income tax

The UK is an attractive location for both employers and incoming executives in the area of personal taxes.

For individuals, the tax year runs from 6 April. The following main rates and exemptions apply as of 6 April 2013:

- personal allowance of £9,440 (reducing for those with incomes exceeding £100,000)
- basic rate of 20 per cent on the first £32,010 of taxable income
- higher rate of 40 per cent on £32,011 to £150,000
- 45 per cent top rate on taxable income above £150,000.

National Insurance

National Insurance contributions (NICs) are payable by employees at rates of 12 per cent on weekly income between £149 and £797 and two per cent on income above this limit. Employers also pay NICs on the earnings of their employees above £148 per week at 13.8 per cent, including benefits in kind. There is no upper cap on employers' NICs. From April 2014, businesses and charities will be eligible for a new £2,000 Employment Allowance, which will reduce their employer NICs bill.

Incentive schemes

A number of tax-efficient employee reward incentives exist, including share option schemes. Contributions to pension schemes also benefit from tax reliefs.

Capital gains tax

UK capital gains tax rates are low. The top rate is 28 per cent, with lower rates and reliefs available to support entrepreneurial and business activity. The annual exempt amount – currently £10,900 – and the exemption for main homes ensure that the vast majority of taxpayers do not pay CGT. This compares with top rates of 34.5 per cent in France, 45 per cent in Germany and 30 per cent (or even up to 40 per cent) in Ireland.



Statutory residence

The Government has introduced a statutory residence test, which took effect from April 2013. This has been designed to ensure greater certainty to all individuals, including those with more complex living and working arrangements. The test will be simple to use and will take into consideration both the number of days spent in the UK and the ties an individual has to the country, such as accommodation, family and employment.

Non domicile

An individual's domicile status can also affect their UK tax liability. A person is usually domiciled in the country that they regard as their permanent home. Individuals who are resident but not domiciled in the UK can elect to pay tax on the remittance basis of taxation. This means that they pay income tax on income from the UK and capital gains tax on gains arising in the UK, and only pay UK tax on their overseas income and capital gains if they are brought into the UK.

Once an individual has been resident in the UK for more than seven out of the nine years before the current tax year, a charge of £30,000 applies if they wish to claim the remittance basis, rising to £50,000 after 12 out of 14 years of UK residence.

In addition, people who are non-domiciled and who arrive in the UK having been non-resident for the previous three tax years can claim overseas workday relief (OWR) for up to the first three tax years of residence. The effect of OWR is that earnings in relation to overseas work duties are taxable only if they are remitted to the UK. This relief has been in place for a number of years, but until April 2013 it was only available to people who were not ordinarily resident in the UK.



A new statutory residence test has been designed to ensure greater certainty for all individuals





Indirect taxes

VAT

The principal indirect tax is Value Added Tax (VAT), which applies in all countries in the EU. The UK rate of 20 per cent is broadly in line with the average EU standard rate and is applied to both goods and services. Certain supplies are exempt from VAT (no VAT on the supply, but no refund of the VAT incurred on the costs of supply), while others are at a reduced rate (five per cent). Uniquely, the UK also has a broad range of zero-rate supplies, which means VAT on the supply is 0 per cent but input VAT may be reclaimed.

VAT is primarily a tax on consumption, so as a general rule should not affect a business that is not an end consumer. To the extent that a business makes VAT-able supplies, it should normally be able to recover any VAT incurred.

HMRC has an effective mechanism that ensures disagreements are dealt with swiftly. There is also an independent Tribunal appeal process for those cases where agreement cannot be reached.

Customs duties may be applied to imports of goods from outside the European Union. These will vary depending on the nature of the goods in question.

Stamp taxes

Stamp taxes apply to transfers of property. There are three types:

- Stamp duty - a flat rate of 0.5 per cent on instruments that transfer stock or marketable securities.
- Stamp Duty Reserve Tax (SDRT) - a flat rate of 0.5 per cent that applies to transfers of UK shares and related securities (including options, interests and unit trusts) where no instrument of transfer is executed. Loan stock is generally exempt from both stamp duty and SDRT and there are special rules where UK shares are effectively traded on non-UK stock markets.
- Stamp Duty Land Tax (SDLT) - this applies to acquisitions of UK land (both freehold and leasehold) and is payable by the purchaser. Rates vary, reaching four per cent on business property worth over £500k. The rates on residential properties are the same up to £1m, but increase for land worth more than this amount.

Stamp taxes are generally not applicable to intra-group reorganisations.

Specific industry taxes and schemes

There are a number of taxes that apply to specific industries. Visit the HMRC website (www.hmrc.gov.uk) or see contact details on page 24 for further details.

Other business taxes

There are local property taxes known as Business Rates. These are set by central government and collected by local authorities to pay for local services. They depend on the value of the property that is used for business purposes.

There are no other local trade or turnover taxes.

The UK does not have a wealth tax.

Tax policy-making

Transparency, engagement and consistency of direction are at the heart of the UK's approach to tax policy-making.

High-quality policy-making is vital for business. Lack of clear direction, frequent changes to the tax system and lack of attention paid to the real impact on business can all act to create uncertainty and deter investment.

In order to deliver on its stated ambition 'for a more predictable, stable and simple tax system', the Government has instigated a new approach to consultation that delivers transparency and helps to ensure there is sufficient opportunity for policy and legislation to be properly scrutinised.

The Tax Consultation Framework established the following five stages for the development and implementation of tax policy:

- Stage 1** Setting out objectives and identifying options
- Stage 2** Determining the best option and developing a framework for implementation including detailed policy design
- Stage 3** Drafting legislation to effect the proposed change
- Stage 4** Implementing and monitoring the change
- Stage 5** Reviewing and evaluating the change

The framework expressly highlighted the importance of engaging fully with individuals, practitioners, businesses and other organisations in the development of tax policy. The Government has committed to carrying out at least one formal, written, public consultation in areas of significant reform.

Part of this framework includes, in most situations, the publication of draft legislation on significant policy changes following the Government's annual Autumn Statement, providing time for informed scrutiny and comment prior to consideration by Parliament. Revised legislation is then included in the Finance Bill tabled in Parliament in the spring following the Budget the next year, incorporating feedback from interested parties.

This refreshed way of developing policy currently features in all of the Government's consultations. Formal consultation documents are available to access at any time from the websites of either HMRC or HM Treasury.

A stable tax system is vital to business and the Government will avoid unnecessary changes to tax legislation. In bringing forward reform, the Government will work with business to ensure that any changes improve the sustainability and long-term stability of the corporate tax system.



Tax administration

HM Revenue & Customs (HMRC) is a respected, world-class organisation and maintains excellent relationships with businesses

HMRC is the UK Government Department responsible for the administration of all aspects of the UK tax system for businesses and individuals, including both direct and indirect taxes.

The Government recognises that the way in which corporation tax is administered and collected is a fundamental part of a competitive tax regime.

Working collaboratively with business

HMRC aims to work collaboratively with businesses to ensure a commercially aware and efficient risk-based approach to dealing with business tax matters.

HMRC's relationships with large corporate taxpayers are delivered through Customer Relationship Managers (CRMs). A CRM is a senior tax inspector who provides a single point of contact between HMRC and a business. CRMs work with businesses to deal with tax issues on a real-time basis, manage tax compliance and provide early certainty.

CRMs co-ordinate specialist input within HMRC to ensure that any discussions or correspondence on technical questions are grounded in a full commercial understanding of the business and its particular issues.

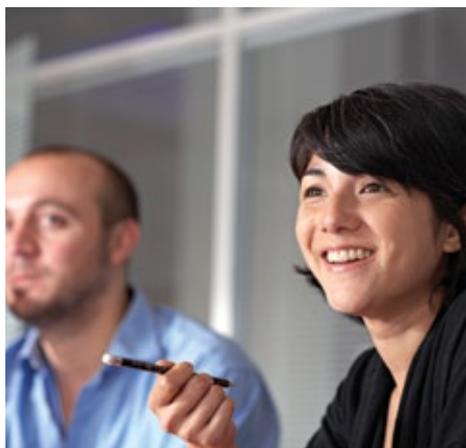
CRMs are encouraged to meet with taxpayers to discuss any issues face to face as opposed to relying only on written communication. HMRC aims to be fully transparent in its approach in order to build a trusted relationship with business.

“

We found the process of relocating to the UK to be correct, professional and predictable. The UK Treasury and HMRC teams were practical, coordinated and quick to understand our needs. Decisions were made quickly, were communicated professionally and we had a great deal of certainty on both the process and conclusions. Overall we feel very positive about our choice of location and very much look forward to growing our business in the UK.

Robert Hingley-Wilson

CAO & Senior Vice President
Seadrill Management Limited



Providing certainty

HMRC is able to provide non-statutory clearances to businesses on most matters of material uncertainty.

HMRC recognises the importance of speed of response where transactions are moving quickly and is committed to responding to all clearance applications within 28 days. Faster responses can sometimes be achieved where the commercial background to a particular transaction means that this is essential.

For multinationals that are considering setting up in the UK for the first time, HMRC's dedicated Inward Investment Support Team is available to appoint a CRM and address areas of uncertainty in advance of establishing a UK presence.

HMRC is able to support taxpayers in agreeing Advance Pricing Agreements (APAs) with other fiscal authorities for complex transfer pricing issues, or alternatively agreeing unilateral APAs directly with HMRC. All UK APAs are grounded in a rigorous analysis of the business such that HMRC would feel confident supporting the transfer pricing arrangements in Mutual Agreement Procedures with tax treaty partners. Under real-time working procedures, HMRC is also able to offer a view on the risks associated with transfer pricing issues without a formal APA.

HMRC also operates a number of dedicated centres from which guidance on operation of R&D tax credits and the Patent Box can be obtained.

A principled and robust approach

The primary aim of the tax system is to raise revenue, and therefore provide the fiscal stability that is a precondition for business success.

HMRC takes a principled and robust stance against tax avoidance. A range of UK anti-avoidance rules exists to counteract the effect of arrangements that try to exploit tax rules to achieve unintended results.

HMRC works within international organisations to promote the development of sustainable tax policy and administration across the globe. It is a leading contributor to the OECD's Tax and Development Task Force and the Government supports ongoing work by the OECD on base erosion and profit shifting.

At the same time, the Government believes that the corporate tax system can be and is an asset for the UK.

Invest in the UK

Contacts —

HMRC Inward Investment Support

To discuss the tax implications of investing in the UK, please contact the HMRC Inward Investment Support Team:

Visit: www.hmrc.gov.uk/international/iis.htm

Inward Investment Support
HM Revenue & Customs
CTIAA Business International
100 Parliament Street
London SW1A 2BQ

UKTI Investment Hub

To benefit from the outstanding commercial opportunities in the UK, please contact the UKTI Investment Hub:

Visit: www.ukti.gov.uk/invest

Call: +44 (0)20 7333 5442

Email: enquiries@ukti-invest.com

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HM Government

ukti.gov.uk/invest

HM Treasury

HM Treasury is the UK's economics and finance ministry.

HM Revenue & Customs

HMRC is the UK's tax authority. We are responsible for making sure that the money is available to fund the UK's public services and for helping families and individuals with targeted financial support. HMRC is a non-ministerial department, supported by two agencies and public bodies.

UKTI

UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy. We also help overseas companies bring their high-quality investment to the UK's dynamic economy acknowledged as Europe's best place from which to succeed in global business.

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Published March 2013
by UK Trade & Investment
URN 13/663



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