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The Company Maker



UNITED KINGDOM COMPANIES AND TAXATION



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UNITED KINGDOM

LONDON



Foreword:

London is not only the capital of the United Kingdom, but also one of the most important financial centres in the world. Situated on the River Thames in the south-east of England, London covers an area of 1610 km², and has a population of over 7.5 million, which makes it the largest city in Western Europe. London itself can be divided into many smaller areas, possibly the best known of which are the City of London (the City), the City of Westminster and the West End. The City is the true financial and business centre, and is home to such institutions as the Bank of England, the Royal Exchange and the Stock Exchange, as well as the Tower of London and St. Paul's Cathedral. The City of Westminster has been the religious and political centre of the country for almost 1000 years. The Houses of Parliament, Westminster Abbey and Buckingham Palace can all be found within the City of Westminster. The West End is the centre of the shopping and entertainment worlds, including such famous areas and stores as Soho, Covent Garden, Harrods and Fortnum and Mason. While finance and services account for some 85% of London's economy, there is also a huge tourism industry.

History



“Londinium” was established by the Romans as an important communications centre shortly after their invasion in 43 AD, and a typical Roman town grew in the area now referred to as the City. The next major developments took place under the Saxons, and saw the emergence of Westminster as both a religious and political centre. Under William 1st London became the capital of the country, and also emerged as a commercial centre. In 1665 and 1666 London was devastated first by the Great Plague and then by the Great Fire of London, which destroyed 80% of the city. London was rebuilt and by the end of the 17th century had grown to be the largest city in Europe, and phenomenal growth over the following 200 years made London the largest city in the world, though this was only short-lived, as by 1920 New York had taken over the mantle. The “Blitz” during the Second World War caused extensive damage, and led to a re-building and modernisation programme. The 1950s also saw a huge increase in the number of immigrants, which helped give London its multi-racial character.

Politics



London has always enjoyed a slightly different status, having its own mayor for many years (a system which was re-introduced in May 2000) and also having its own police force. It is also, of course, the home of the British Parliament, and seat of both the monarch and the prime minister.





LONDON - THE CITADEL OF THE OFFSHORE WORLD

The modern offshore company, which began its all-conquering journey in the islands which once formed the British Empire in the 1970s and 80s, can justifiably be described as an English invention. At that time, it was also possible to incorporate so-called "non-resident" companies in England, which, if managed from outside the United Kingdom, were not subject to taxation in England, although even then London could never have been described as a classic offshore zone.

This possibility ended in the early 90s, but England, and in particular London, remained an extremely popular place for the incorporation of companies, for both English and foreign businesses alike. Numerous businessmen chose to incorporate in London. Companies House now boasts a register with over three million companies, ranging from small businesses to multinational companies. So what makes people want to incorporate in London?



1. The legislation, regulation and infrastructure regarding company incorporation are very efficient and well-developed. The incorporation process is still based on traditional procedures dating back several hundred years, and the background legislation is so well-developed that contradictory changes do not occur from year to year. Many companies offer services in the field of company formation, though there are considerable differences in both the services they offer and their prices, and when examining such companies, it is also necessary to understand the background dependability which supports them. The authority overseeing company incorporation - Companies House - works quickly and efficiently, offering great assistance to incorporators.



2. The regulations regarding taxation are stable, clear and comparatively liberal, and as with those referring to incorporation, are not liable to annual changes. This makes long-term (3-5 year) tax planning possible, unlike in many other, more changeable European countries.



3. Book-keeping requirements are stable and easy to fulfil with the help of a local accountant. Companies which do not operate in the UK, or rather in the EU, only need to file accounts and tax returns once a year.



4. UK companies are extremely prestigious. London is one of the bastions of international financial and business life. A company incorporated here will undoubtedly be held in high prestige anywhere in the world.



5. UK companies are not discriminated against. A number of countries now operate so-called "blacklists". If a local company deals with a company from a blacklisted country, then the local tax authorities may not recognise invoices from the blacklisted country as valid expenses in the local company's accounts.



6. The UK is currently party to the largest number of treaties for the avoidance of double taxation (DDTs) in the world. International tax planners can use these DDTs advantageously, particularly in the establishment of international holding structures.





THE TAX ADVANTAGES RELATED TO UK COMPANIES

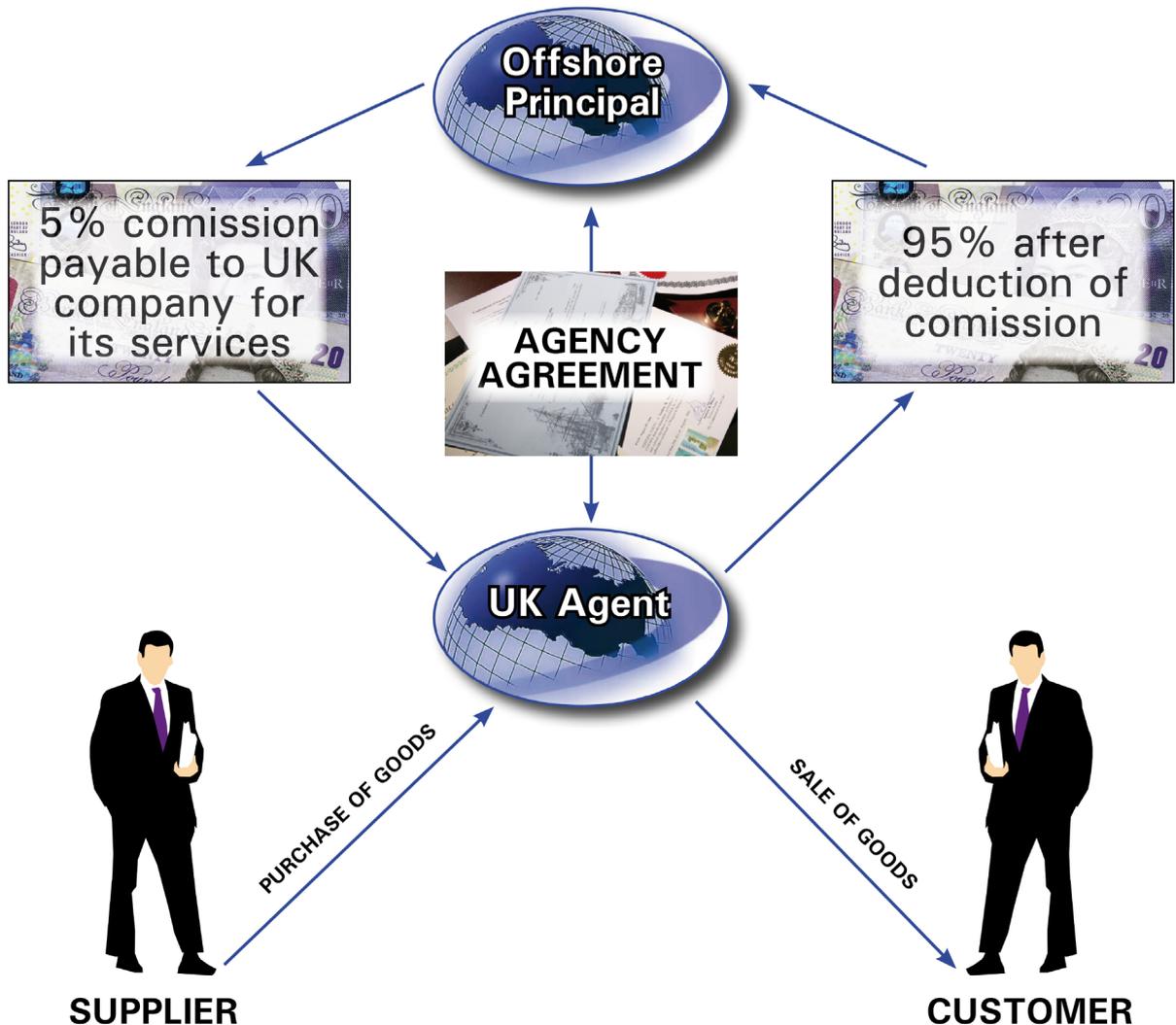
The above shows quite clearly that UK companies cannot be categorised as traditional tax-free companies, and in fact they are quite the opposite. How, therefore, can UK companies be used advantageously in international business transactions? The following section shows just four of the possible uses.

UK Agency Company

Blacklists have meant problems for a large number of offshore companies, particularly those providing services. One very efficient way of overcoming this problem is by using a UK company, which concludes a special contract (Agency Agreement) with the offshore company, which may be incorporated in a traditional offshore jurisdiction such as The Bahamas, BVI or Belize. Basically the purpose of the Agency Agreement is to set out the terms and conditions of the relationship between the offshore company (the Principal) and the UK company (the Agent). According to the terms of the agreement, the Agent concludes contracts with foreign partners on behalf of the Principal, acts in its own name without disclosing the identity of the offshore Principal, prepares invoices for the total amount of the sale or services provided, receives full payment into its bank account and uses its own VAT registration. When, for example, a sale is made by the Agent, the law deems that the contract is formed between the Principal and the end customer. Periodically (as defined in the Agency Agreement), the Agent is entitled to an agency fee of between 5 and 10% of the value of the contracts concluded. The Agent must declare this income and pay tax accordingly, whereas, the remaining 90-95%, is transferred to the account of the Principal, as set down in the agreement.

The UK only has tax authority over non UK residents, where the non-resident (in this case the offshore Principal) has UK source income, or a UK permanent establishment from which there is associated income or trade. It is, therefore, very important that the Agent takes great care not to create a permanent establishment for the Principal in the UK.

To help ensure that the offshore Principal is not liable to UK tax it is important that the agreement between the Principal and the Agent, together with all trading contracts, are executed outside of the UK, the offshore Principal should be managed from outside of the UK, and that the directors, shareholders and bank account signatories of the offshore and English companies should not be the same people. Also, the directors of the UK Agent must be resident outside of the UK. The purpose of this is to be able to confirm that no trading is conducted in the UK either by the Principal or the Agent and that there is no UK source of income.





Dual resident companies A UK company must be classified as resident in the UK if it was incorporated in the UK and the place of its effective management is in the UK. However, according to the agreements made by the UK for the avoidance of double taxation (DDTs) it is possible for a company to be resident in two or more places, if, for example, it is managed from a different country. Such companies are known as “dual resident companies”. As long as the company is managed from a country which is protected by a DDT, then the company can apply to the UK tax authorities to be taxed in that country rather than in the UK. And if that country has more favourable rates of taxation, then it is worth operating the company as a dual resident company. Currently, the most attractive jurisdiction with which the UK has signed a DDT is Cyprus. According to Cypriot law, if a company, or a branch of that company, operates outside Cyprus, then that branch is subject to 10% profit tax on its worldwide income. The UK company becomes resident in Cyprus by establishing an offshore branch there. The majority of the directors of the UK company must be Cypriots and all decisions relating to the running of the company must be taken in Cyprus (supported by precisely recorded minutes). The bank account of the company must also be managed from outside the UK, preferably from Cyprus. Similarly, the company must not receive income from UK sources. This is all the more problematic as activities carried out in the UK are subject to VAT. Dual resident companies must file annual returns in both Cyprus and the UK, but can also take advantage of the DDTs signed by Cyprus.

UK Limited Liability Partnership (LLP)

Non-UK residents can, under certain circumstances, use a UK LLP as a tax-efficient vehicle for international trade.

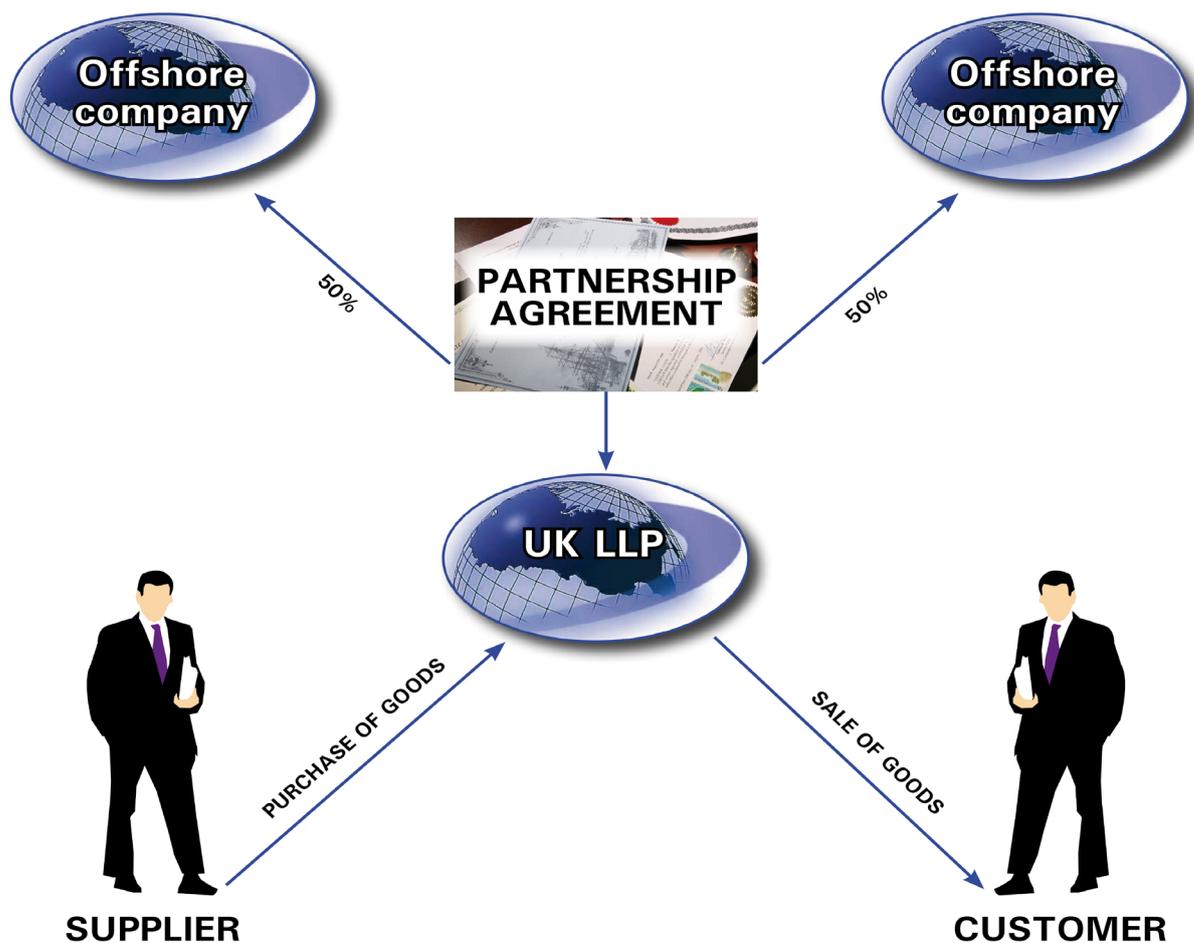
UK LLP-s are tax transparent, and are taxed as partnerships. This means that the partnership is not taxed at the corporate level, as in the case of limited companies. The individual members are taxed, not the partnership itself.

The profit of an LLP is divided between the members in the proportion of their participation (according to the percentage set out in their partnership agreement) in the LLP, and the members must pay taxes (income tax; corporation tax) in the place in which they are resident for tax purposes. The income received from the LLP must be added to the income received from other sources and tax should be calculated according to the total income.

If

- the members of an LLP are non-residents in the UK;
- the LLP has conducted no activities on the territory of the UK; and
- it has received no income from UK sources

then the members will not become subject to taxation in the UK.





In the above example, the UK LLP is formed by two offshore companies. The effective place of management of both members is outside the UK, the LLP is trading outside the UK and receives no income from UK sources. The UK LLP has a UK address and files Accounts and Annual Returns at Companies House and Tax Returns at HM Revenue and Customs.

The members would receive 50%-50% of the profit and, as they are non-resident in the UK for tax purposes, the LLP has conducted no activities on the territory of the UK and received no income from UK sources there will be no UK tax liability in respect of their profit.

This structure can, under certain circumstances, be used for trade outside the European Union as structured this way, the LLP is not able to register for VAT in the UK.

In order to register for VAT in the UK the LLP must be able to demonstrate that:

- it makes or intends to make supplies that would have been taxable supplies;
- the taxable turnover has gone over or will soon go over the VAT threshold;
- it has a fixed establishment in the UK;
- it has a UK bank account;

In the above example the LLP has no fixed establishment in the UK as its place of effective management is outside the UK and does not make taxable supplies in the UK, therefore VAT registration is not possible.

As far as residency is concerned, the LLP is tax transparent and its residence is where its members are resident and where it has a permanent establishment.

UK Holding Company

A company may own one or more other companies, which will be its subsidiaries. The relationship between parent and subsidiary depends on majority control of the voting rights of shares or the ability to control the board of directors. A UK holding company is a company established for the sole or majority purpose of holding shares in a Group's subsidiary companies incorporated in countries in which the Group is engaged in business activities. The holding company will receive the dividends paid by those subsidiaries and use them to declare a dividend to the ultimate parent.

The UK is a commonly used jurisdiction for the incorporation of holding companies.

Some of the features which make it attractive are:

- One of the largest networks of double taxation treaties
- EU member
- Reputable jurisdiction with excellent business infrastructure
- Low cost company formation and administration
- Favorable tax treatment

The ideal holding company structure must be capable of achieving a reduction in taxation of profits, and this requires favorable tax treatment under four headings:

1. Dividends remitted by the subsidiary to the holding company must either be exempted from or subject to low withholding tax rates in the subsidiary's jurisdiction.

In the UK, if the subsidiary is incorporated in an EU country and, if the EU parent/subsidiary Directive applies, dividends paid to a UK holding company will not be subject to withholding tax in the country from which the dividend is paid. However, some EU countries are currently introducing legislation to prevent abuse of this system. Where the directive does not apply, the dividend may qualify for a reduced or nil rate of withholding tax under one of the UK's many double taxation treaties.

2. Dividend income received by the holding company from the subsidiary must be exempted from or subject to low corporate income tax rates in the jurisdiction of the holding company.

In the UK most dividends received by UK holding companies from their non-UK subsidiaries are exempt from UK corporation tax. The exemption is to apply for dividends and distributions received on or after the 1st of July 2009.

3. Outgoing dividends paid by the holding company to the ultimate parent must either be exempt from or subject to low withholding taxes in the holding company's jurisdiction.

In the UK there is no withholding tax on dividends paid by the holding company.



4. Profits realized by the holding company on the sale of shares in the subsidiary must either be exempt from or subject to a low rate of Capital Gains Tax in the holding company's jurisdiction. In the UK under most circumstances there is an exemption from capital gains tax on the disposal of the shares in the subsidiary by the holding company.

A UK holding company can be incorporated either as a private limited company (LTD) or a public limited company (PLC).

Some of the main requirements of a holding company are:

- The holding company must hold at least 10% of the ordinary share capital of the subsidiary for a continuous period of at least 12 months
- The holding company must be a trading company or a holding company of a trading group
- The subsidiary must be a trading company or the holding company of a trading group

This information is not intended and should not be construed as concrete tax advice. Should you wish to make use of one or any of the structures mentioned, we recommend that you consult your personal tax adviser, as well as experts on the legal systems of all countries involved.



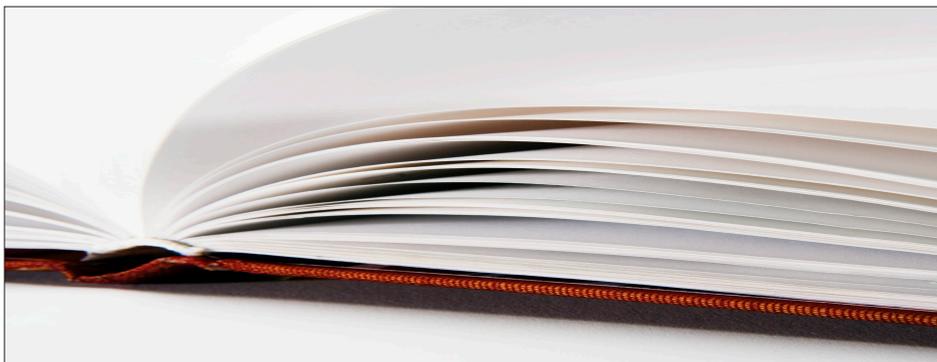
PRIVATE COMPANY LIMITED BY SHARES (LTD) INCORPORATION DATASHEET

Method of incorporation/ registration	The company may not be formed for an unlawful purpose. The Memorandum and Articles of Association must be signed by the subscriber(s) of the company. The subscriber/shareholder may be any natural person or body corporate without any restrictions. An application form must be signed by the director(s), company secretary and the subscriber(s).
Company legal form	Private Company Limited by Shares
Company status	Resident/ Non Resident Company
Source of corporate legislation	Companies Act 1985; Companies Act 2006
Possible suffixes to company name	Limited or Ltd.
Restrictions on company name	Please find below complete list of restrictions.
Time required for registration	2 - 3 weeks
Registered office	Registered office in England and Wales is required by law
Capital	Minimum share capital is 1p. At least one share should be issued.
Type of shares	Ordinary, Preference, Cumulative preference, Redeemable
Number of shareholders	Minimum 1 of any nationality
Number of directors	Minimum 1 of any nationality. The company must have at least one director who is a natural person.
Registered/Company secretary	It is advisable and LAVECO policy requires the appointment of a local qualified secretary, who will be responsible for the preparation of the Annual Return of the company and for the keeping of professional records and deadlines to avoid the risk of penalties.
Accounting/Reporting requirements	Yes. Annual Return and Accounts are required
Annual tax and duties	20-28%
Information publicly available	Registered office, Directors, Company Secretary, Shareholders, Annual Return, Accounts
Double tax treaty	The UK has the widest network of DTTs.



General Information on Private Companies Limited by Shares (LTDs)

<p>1. What is a Private Company Limited by Shares (LTD)?</p>	<p>A company is a legal entity formed to conduct business or other activities in the name of the association. As it is incorporated, it has a legal personality which is separate from the person or persons who formed the company, and from the directors and shareholders. The LTD has a share capital and the liability of each member is limited to the amount unpaid on shares that a member holds. Normally the proportion of ownership rights will be the proportion of shares owned. A private company cannot offer its shares for sale to the general public.</p>
<p>2. Company status</p>	<p><u>Resident status of UK companies:</u> A UK LTD is resident in the UK for tax purposes if the place of its effective management is in the UK. UK Resident LTD-s are liable to UK taxation on their worldwide income and gains.</p> <p><u>Non-Resident status of UK companies:</u> UK companies whose place of effective management is located in a country which has ratified a double tax treaty with the UK will be considered non-resident for UK tax purposes. A non-resident UK company will only be liable to pay UK tax if it receives UK source income or if it is carrying on trade in the UK through a permanent establishment and receiving income from the permanent establishment.</p>
<p>3. Source of corporate legislation</p>	<ul style="list-style-type: none"> • Companies Act 1985 • Companies Act 2006





4. Method of registration

Incorporation documents are signed by the subscriber(s)/ shareholder(s), the director(s) and the company secretary and registered with Companies House.

The following are to be confirmed to Companies House on registration of an LTD:

- the proposed name of the LTD;
- the address of the registered office and the fact that it is in England and Wales;
- a statement that it is to be a private company;
- a statement that the liability of its members is limited;
- statement of capital;
- the name and address of each subscriber/shareholder;
- the name, residential address (from the 1st of October 2009 only the service address if applicable) nationality, date of birth, business occupation and registration number (if corporate) of each director;
- the name and address of the company secretary;
- statement of compliance which confirms that all legal requirements relating to the formation of a company have been complied with.

If Companies House is satisfied that the requirements of the Companies Act regarding registration have been complied with, the information filed will be placed on the public record and Companies House will issue a certificate confirming the incorporation of the company. The certificate is conclusive evidence that the requirements of the Act have been complied with and that the company is duly registered under the Companies Act.

5. Possible suffixes to company name

LTD or Limited





6. Restrictions on company name

The name of an LTD should not be the same as, or similar to, a name already registered. The name cannot be offensive or a name whose use would constitute an offence.

The approval of the Secretary of State for Business, Enterprise & Regulatory Reform is required in order to use any of the following words or expressions (or their plural or possessive forms) in the chosen company name:

British, Great Britain, National, Wales, England, International, Scotland, Welsh, English, Ireland, Scottish, European, Irish, United Kingdom, Association, Board, Federation, Institution, Authority, Council, Institute, Society, Government, HSC (Health and Social Care), HPSS (Health and Personal Social Services), Assurance, Friendly society, Post office, Trade union, Assurer, Fund, Reassurance, Trust, Benevolent, Group, Re-assurer, Charter, Holding, Register, Chartered, Industrial & provident society, Registered, Chemist, Insurance, Re-insurance, Chemistry, Insurer, Re-insurer, Co-operative, Patent, Sheffield, Foundation, Patentee, Stock exchange.

The following words or expressions require the approval of the Secretary of State. A copy of the supporting letter should be sent with the application to form a company or to change its name.

Charity, Charitable, Contact Lens, Dental, Dentistry, District Nurse, Health Visitor, Midwife, Midwifery, Nurse, Nursing, Health Centre, Health Service, NHS (National Health Service), Police, Polytechnic, Pregnancy, Termination, Abortion, Royal, Royale, Royalty, King, Queen, Prince, Princess, Windsor, Duke, His/Her Majesty, Special School, University.



	<p>Certain words or expressions are covered by other legislation and their use in company names might be a criminal offence. These are listed below. If you want to use any of these words or expressions in the company name, then first the relevant regulatory authority must be contacted for further instructions.</p> <p><i>Anzac, Architect, Art Therapist, Art Psychotherapist, Drama therapist, Music Therapist, Chiropodist, Podiatrist, Clinical Scientist, Dietician Part, Biomedical Scientist, Occupational Therapist, Orthoptist, Paramedic, Physiotherapist, Physical Therapist, Prosthetist, Orthotist, Diagnostic Radiographer, Therapeutic Radiographer, Speech and Language Therapist, Speech Therapist, Operating Department Practitioner, Building Society, Chiropodist, Dietician, Medical Laboratory, Technician, Occupational Therapist, Orthoptist, Physiotherapist, Radiographer, Remedial Gymnast, Chamber(s) of Business, Chamber(s) of Commerce, Chamber(s) of Commerce and Industry, Chamber(s) of Commerce, Training and Enterprise, Chamber(s) of Enterprise, Chamber(s) of Industry, Chamber(s) of Trade, Chamber(s) of Trade and Industry, Chamber(s) of Training, Chamber(s) of Training and Enterprise, Chiropodist, Dietician, Medical Laboratory, Technician, Occupational Therapist, Orthoptist, Physiotherapist, Radiographer, Remedial Gymnast, Chiropactor, Credit Union, Dentist, Dental Surgeon, Dental Practitioner, Druggist, Pharmaceutical, Pharmaceutist, Pharmacist, Pharmacy, Institute of Laryngology, Institute of Otology, Institute of Urology, Institute of Orthopaedics, Patent Office, Patent Agent, Olympiad, Olympiads, Olympian, Olympians, Olympic, Olympics, Paralympic, Paralympics, Paralympiad, Paralympiads, Paralympian, Paralympians, Optician, Ophthalmic Optician, Dispensing Optician, Enrolled Optician, Registered Optician, Optometrist, Red Cross, Geneva Cross, Red Crescent, Red Lion and Sun, registered pharmacist, registered trade mark agent, Solicitor, Veterinary Surgeon, Veterinary, Vet.</i></p>
7. Time required for registration	2-3 weeks.



8. Registered office	<p>Every LTD must have a registered office, which must be an effective address - physical location - for delivering correspondence and documents to the company; a p.o. box is not acceptable. The registered address can be anywhere in England and Wales. All official documents, letters and reminders of Companies House, as well as notices and court papers have to be sent to the registered office address. To avoid delays, it is important that all correspondence sent to this address is dealt with promptly. If an LTD changes its registered office address after incorporation, then Companies House must be notified of the new address. All company documents and registers (or copies of them) must be kept at the registered office address.</p>
9. Capital	<p>The minimum share capital of an LTD is 1p. At least one share needs to be issued.</p>
10. Authorised share capital	<p>For LTDs incorporated before the 1st of October 2009, the authorised share capital clause basically means the maximum nominal value of the shares that the LTD can issue. The LTD does not have to issue all its authorized share capital; it only provides a ceiling for the issue of shares.</p> <p>From the 1st of October 2009 the concept of authorized share capital disappeared and it does not need to appear in the Memorandum of the LTD. In effect, LTDs registered after the 1st of October 2009 have unlimited share capital; they have an unlimited number of shares available for allotment.</p> <p>For LTDs incorporated before the 1st of October 2009 the authorized share capital clause continues to act as a restriction on the amount of share capital that can be issued by the LTD. This restriction can be removed by an ordinary resolution of the shareholders.</p>





11. Issued share capital	<p>The issued share capital is the nominal value of the shares that the company has issued to shareholders.</p> <p>This means the nominal value of the shares rather than their actual worth. In the case of a company limited by shares, each subscriber must take at least one share in the company and the number of shares that each subscriber takes must be written against the relevant subscriber's name. The liability of each member is limited to the amount unpaid on shares that a member holds.</p>
12. Type of shares	<p>A company may have as many different types of shares as it wishes, all with different conditions attached to them. Generally share types fall into the following categories:</p> <ul style="list-style-type: none">• <u>Ordinary</u>: As the name suggests these are the ordinary shares of the company with no special rights or restrictions. The company may divide them into classes of different value.• <u>Preference</u>: The 'preference' referred to is normally that any dividend available for distribution is paid to holder of this class of share before the other classes.• <u>Cumulative preference</u>: In this case, if the company cannot pay the dividend in a given year, it will be carried forward to subsequent years.• <u>Redeemable</u>: The company issues these shares with an agreement that it will buy them back, at the instigation of either the company or the shareholder, after a certain period, or on a fixed date. A company may not have only redeemable shares.
13. Shareholders/Subscribers	<p>Every LTD must have at least one subscriber/shareholder. On registration of the company at Companies House, members of the company (the shareholders) must agree to take some, or all, of the shares. The incorporation documents must show the names and addresses of the people who have agreed to take shares and the number of shares each will take. These people are the subscribers/shareholders.</p>



14. Directors

Every LTD must appoint at least 1 director unless the company's Articles of Association require more than 1 director. From 1 October 2008 all companies must have at least one director who is a natural person, but otherwise corporate directors are permitted. It is not possible to appoint a person under the age of 16 as a director.

The only restrictions that prevent anyone becoming a director are:

- they must not have been disqualified from acting as a company director (unless the court has given them permission to act for a particular company);
- they must not be an undischarged bankrupt (unless they have been given permission by the court to act for a particular company).

Generally, directors are given most of the powers of management required to run the company. The usual provision is that they can do anything not required to be done by the members in general meeting.

Directors have a responsibility to prepare and deliver documents, on behalf of the company, to Companies House as and when required by the Companies Act. These include, in particular:

- the Annual Return;
- the Annual Accounts;
- notification of any change in the company's officers or in their personal details;
- notification of a change of the company's registered office;
- allotment of shares.

Failure to file these documents may result in directors being prosecuted and fined up to £5,000 for each offence and the company could also be struck off the register. In addition, the company will be liable to a civil penalty if its accounts are delivered late.

15. Company Secretary	<p>The appointment of a local qualified secretary, who will be responsible for the preparation of the Annual Return of the company and for the keeping of professional records and deadlines to avoid the risk of penalties, is both advisable and required by LAVECO Ltd. as a matter of policy.</p> <p>The duties of the company secretary may normally include the following:</p> <ul style="list-style-type: none"> • Maintaining the statutory registers; • Ensuring that the company files statutory information promptly; • Providing members and directors with notice of meetings; • Providing members with proposed written resolutions and auditors with any resolutions which are passed; • Sending copies of resolutions and statutory forms to Companies House; • Supplying a copy of the accounts to every member of the company and every person who is entitled to receive notice of general meetings; • Keeping of copies of all members' and directors' resolutions, minutes.
16. Information available to the public	<p>LTD name, registered office address; name and address of shareholder(s); name and address of company secretary; name, residential address (from the 1st of October 2009 service addresses, if applicable), nationality, date of birth, business occupation, registration number (if corporate) of each director; submitted Annual Returns and Accounts, Incorporation documents.</p>
17. Disclosure of shareholders	<p>Names and addresses of shareholders are available to the public.</p>
18. Accounting/Reporting requirements	<p>Every LTD must deliver to Companies House an Annual Return and annual Accounts, reporting on the financial performance and position of the LTD during the year.</p>



19. What is an Annual Return and when should it be submitted?

An Annual Return is a snapshot of the information on the LTD which must contain the following:

- name of the LTD;
- registered number of the LTD;
- registered address;
- name, residential address (from the 1st of October 2009 only the service address, if applicable) nationality, date of birth, business occupation and registration number (if corporate) of each director;
- name and address of company secretary;
- name of shareholder(s);
- statement of capital;
- principal business activities.

Every LTD must deliver an Annual Return to Companies House at least once every 12 months. The annual return should be delivered to Companies House within 28 days of the anniversary of incorporation of the LTD.

The director(s) of the LTD are responsible for ensuring that the Annual Return:

- is delivered to Companies House in time, and
- gives a true picture of the company at the time of delivery.

Director(s) can be prosecuted if the LTD fails to deliver the Annual Return in time or it contains false information.





20. Annual Accounts	<p>Every LTD must prepare annual Accounts that report on the financial performance and position of the LTD during the year.</p> <p>The period reported in the Accounts is called the financial year, or the accounting reference period. This starts on the day after the previous financial year ended or, in the case of a new LTD, on the day of incorporation. For all new LTD-s, the first accounting reference period is automatically set as the first anniversary of the last day in the month in which the LTD was incorporated. For example, if the LTD was incorporated on 10 June 2009 its accounting reference date would be 30 June, and the first accounts would cover the period from 10 June 2009 to 30 June 2010.</p> <p>LTD-s normally have 10 months (9 months if the period starts on or after 6th April 2008) to send their accounts to Companies House. If Accounts are not filed with Companies House on time, the company will be subject to an automatic civil penalty.</p> <p>It is a duty of the director(s) to arrange for the preparation of the Accounts in accordance with the Companies Act. Director(s) can be prosecuted if the Accounts are not delivered on time or contain false information.</p>
21. What does a set of accounts include?	<p>Generally, the accounts must include:</p> <ul style="list-style-type: none">• A profit and loss account;• A balance sheet;• A director's report;• An auditor's report signed by the auditor (if appropriate)• Notes to the accounts;• Group accounts (if appropriate). <p>The Accounts must be approved by a director(s) and signed before they are sent to Companies House.</p>



22. Penalties for late filing of the accounts	<p>There is an automatic civil penalty for late filing. The amount of the penalty depends on how late the accounts are filed. The fixed penalties are as follows:</p> <table border="1" data-bbox="552 450 1350 779"> <thead> <tr> <th>Length of delay</th> <th>Amount of penalty</th> </tr> </thead> <tbody> <tr> <td>Not more than 1 month</td> <td>GBP 150</td> </tr> <tr> <td>More than 1 month but not more than 3 months</td> <td>GBP 375</td> </tr> <tr> <td>More that 3 months but not more than 6 months</td> <td>GBP 750</td> </tr> <tr> <td>More than 6 months</td> <td>GBP 1500</td> </tr> </tbody> </table> <p>Failure to deliver Accounts on time is also a criminal offence for which director(s) may be prosecuted.</p>	Length of delay	Amount of penalty	Not more than 1 month	GBP 150	More than 1 month but not more than 3 months	GBP 375	More that 3 months but not more than 6 months	GBP 750	More than 6 months	GBP 1500
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More than 6 months	GBP 1500										
23. Record keeping	<p>A company needs to keep the following records available for inspection at the registered office address:</p> <ul style="list-style-type: none"> • register of members; • register of directors; • register of directors' residential addresses; • directors' service contracts; directors' indemnities; • register of secretaries; • records of resolutions and minutes of general meetings; • filed Annual Returns and Accounts; • incorporation documents. 										
24. Taxation of LTD-s	<p>UK LTD-s are taxed as corporations, and are, therefore, subject to corporation tax. Please find more detailed information about UK taxation in the UK Corporation Tax Chapter of this brochure.</p>										



LIMITED LIABILITY PARTNERSHIP (LLP) FORMATION DATASHEET

Method of formation	The LLP may not be formed for an unlawful purpose. Formation documents are signed by the members and registered with Companies House.
Legal form	Limited Liability Partnership
Status	Resident/Non-Resident
Source of corporate legislation	Limited Liability Partnership Act 2000, Limited Liability Partnership Regulations 2001, Companies Act 1985 and 2006 (as applied to LLP-s), The Companies (Late Filing Penalties) and Limited Liability Partnerships (Filing Periods and Late Filing Penalties) Regulations 2008
Possible suffixes to LLP name	LLP or Limited Liability Partnership
Restrictions on LLP name	Please find below complete list of restrictions.
Time required for registration	2 - 3 weeks
Registered office	Registered office in England and Wales is required by law.
Capital	No minimum
Type of shares	No shares are issued
Number of members	Minimum 2. An LLP must have at least 2 designated members at all times
Number of directors	LLP-s has no director(s).
Registered secretary	LLP-s has no registered secretary. However, it is advisable to appoint a local qualified secretary, who will be responsible for the preparation of the Annual Return of the LLP and for the keeping of professional records and deadlines to avoid the risk of penalties.
Accounting/Reporting requirements	Yes. Annual Return and Accounts are required
Information publicly available	Registered office, Members, Annual Return, Accounts
Double tax treaty	The UK has the widest network of DTTs, though a non-resident LLP may not take advantage of these.



General Information on Limited Liability Partnerships (LLPs)

<p>1. What is a Limited Liability Partnership (LLP)?</p>	<p>An LLP is a partnership which is in itself a legal entity, and whose partners enjoy limited liability. The partnership has existed as a corporate form in UK corporate legislation for more than a century, but the new Limited Liability Partnership Act, which was passed in 2000, has totally modernised the partnership, making its operation much more simple and convenient.</p> <p>As a structure the LLP combines features of both limited liability companies and traditional partnerships, in that they offer the limited liability protection available to limited company shareholders but with the organisational flexibility and tax structure available to partnerships.</p> <p>The LLP can only be established to carry on a lawful business in common with a view to profit.</p>
<p>2. Status</p>	<p>Resident/Non-Resident</p> <p>The LLP is tax transparent, so its place of residence is where its members are resident for tax purposes and/or where it has a permanent establishment.</p>
<p>3. Source of corporate legislation</p>	<ul style="list-style-type: none"> • Limited Liability Partnership Act 2000 • Limited Liability Partnership Regulations 2001 • The Income and Corporation Taxes Act 1988 • Companies Act 1985 and 2006 (as applied to LLPs) • The Companies (Late Filing Penalties) and Limited Liability Partnerships (Filing Periods and Late Filing Penalties) Regulations 2008



4. Method of registration

Formation documents are signed by the members and registered with Companies House.

The following are to be confirmed to Companies House on registration of a limited liability partnership:

- the name of the limited liability partnership;
- the address of the registered office;
- the name, residential address (from the 1st of October 2009 only the service address if there is any), date of birth and registration number (if it is corporate) of each member;
- which of these members are to be designated members or that all members are designated members;
- statement of compliance signed by a solicitor or first member confirming that the limited liability partnership is being established to carry on lawful business with a view to profit.

If Companies House is satisfied that the requirements of Limited Liability Partnership Act and Companies Act as to registration have been complied with, the information filed will be placed on the public record and Companies House will give a certificate that the LLP is formed. The certificate is conclusive evidence that the requirements of the Acts as to registration have been complied with and that the LLP is duly registered under the Limited Liability Partnership Act and Companies Act.

5. Possible suffixes to LLP name

LLP or Limited Liability Partnership





6. Restrictions on LLP name

The name of an LLP should not be the same as or similar to a name already registered. The name may not be offensive or a name whose use would be a criminal offence.

The approval of the Secretary of State for Business, Enterprise & Regulatory Reform is required in order to use any of the following words or expressions (or their plural or possessive forms) in the chosen LLP name:

British, Great Britain, National, Wales, England, International, Scotland, Welsh, English, Ireland, Scottish, European, Irish, United Kingdom, Association, Board, Federation, Institution, Authority, Council, Institute, Society, Government, HSC (Health and Social Care), HPSS (Health and Personal Social Services), Assurance, Friendly society, Post office, Trade union, Assurer, Fund, Reassurance, Trust, Benevolent, Group, Re-assurer, Charter, Holding, Register, Chartered, Industrial & provident society, Registered, Chemist, Insurance, Re-insurance, Chemistry, Insurer, Re-insurer, Co-operative, Patent, Sheffield, Foundation, Patentee, Stock exchange.

The following words or expressions require the approval of the Secretary of State. A copy of the supporting letter should be sent with the application to form an LLP or to change its name.

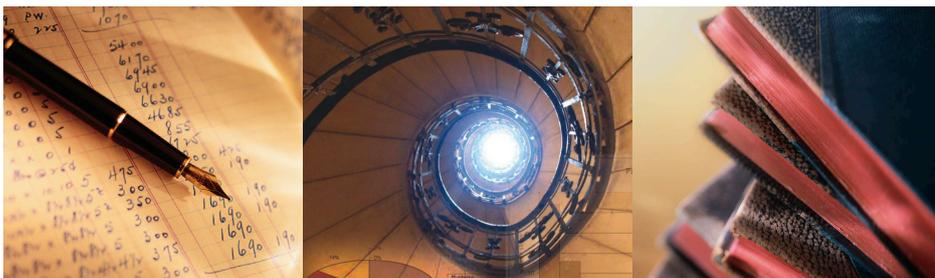
Charity, Charitable, Contact Lens, Dental, Dentistry, District Nurse, Health Visitor, Midwife, Midwifery, Nurse, Nursing, Health Centre, Health Service, NHS (National Health Service), Police, Polytechnic, Pregnancy, Termination, Abortion, Royal, Royale, Royalty, King, Queen, Prince, Princess, Windsor, Duke, His/Her Majesty, Special School, University.



	<p>Certain words or expressions are covered by other legislation and their use in LLP names might be a criminal offence. These are listed below. If you want to use any of these words or expressions in the LLP name, then first the relevant regulatory authority must be contacted for further instructions.</p> <p><i>Anzac, Architect, Art Therapist, Art Psychotherapist, Drama therapist, Music Therapist, Chiropodist, Podiatrist, Clinical Scientist, Dietician Part, Biomedical Scientist, Occupational Therapist, Orthoptist, Paramedic, Physiotherapist, Physical Therapist, Prosthetist, Orthotist, Diagnostic Radiographer, Therapeutic Radiographer, Speech and Language Therapist, Speech Therapist, Operating Department Practitioner, Building Society, Chiropodist, Dietician, Medical Laboratory, Technician, Occupational Therapist, Orthoptist, Physiotherapist, Radiographer, Remedial Gymnast, Chamber(s) of Business, Chamber(s) of Commerce, Chamber(s) of Commerce and Industry, Chamber(s) of Commerce, Training and Enterprise, Chamber(s) of Enterprise, Chamber(s) of Industry, Chamber(s) of Trade, Chamber(s) of Trade and Industry, Chamber(s) of Training, Chamber(s) of Training and Enterprise, Chiropodist, Dietician, Medical Laboratory, Technician, Occupational Therapist, Orthoptist, Physiotherapist, Radiographer, Remedial Gymnast, Chiropractor, Credit Union, Dentist, Dental Surgeon, Dental Practitioner, Druggist, Pharmaceutical, Pharmaceutist, Pharmacist, Pharmacy, Institute of Laryngology, Institute of Otology, Institute of Urology, Institute of Orthopaedics, Patent Office, Patent Agent, Olympiad, Olympiads, Olympian, Olympians, Olympic, Olympics, Paralympic, Paralympics, Paralympiad, Paralympiads, Paralympian, Paralympians, Optician, Ophthalmic Optician, Dispensing Optician, Enrolled Optician, Registered Optician, Optometrist, Red Cross, Geneva Cross, Red Crescent, Red Lion and Sun, registered pharmacist, registered trade mark agent, Solicitor, Veterinary Surgeon, Veterinary, Vet.</i></p>
<p>7. Time required for registration</p>	<p>2-3 weeks.</p>



8. Registered office	<p>Every LLP must have a registered office, which must be an effective address - physical location - for delivering correspondence and documents to the LLP, not just a post office box. The registered address can be anywhere in England and Wales. All official documents, letters and reminders of Companies House, as well as notices and court papers have to be sent to the registered office address. To avoid delays it is important that all correspondence sent to this address is dealt with promptly. If an LLP changes its registered office address after incorporation, then Companies House must be notified of the new address. All documents of the LLP and registers (or copies of them) must be kept at the registered office address.</p>
9. Capital	<p>There is no minimum capital requirement.</p>
10. Type of shares	<p>No shares are issued.</p>
11. LLP structure	<p>An LLP is formed by members (at least two) for the purpose of carrying on a lawful business in common with a view to profit. LLPs have organizational flexibility. The partnership is managed not by directors but by its members according to the provisions set out in their Partnership Agreement. Basically, the members are free to determine their relationship within the LLP in this agreement. This is in contrast to the limited company, in which the relationship between the directors and shareholders is strictly defined and governed by the Companies Act and the Articles.</p> <p>The partnership agreement is not a public document and there is no requirement to file it with Companies House.</p>



12. Number of members/ partners:	<p>A minimum of 2 members are required to form an LLP.</p> <p>The liability of the members is limited not to the shares that the member holds but to the certain capital contribution that was made by the member. As no minimum capital contribution is prescribed this could be zero.</p> <p>If membership falls to only one member and the limited liability partnership continues to carry on business for more than 6 months, then it loses the benefits of limited liability.</p> <p>Every limited liability partnership must have at least 2, formally appointed, designated members at all times. If there are fewer than two designated members then every member is deemed to be a designated member.</p>
13. Who can be a member/ partner of an LLP?	<p>Any natural person or body corporate can be a member/partner in an LLP. There are no restrictions on the nationality or residency of the partners, i.e. members/partners may be either residents or non-residents of the UK.</p>
14. What is meant by the term "designated mem- ber"?	<p>Designated members have the same rights and duties towards the limited liability partnership as any other member. These mutual rights and duties are governed by the limited liability partnership agreement and the general law. However, the law also places extra responsibilities on designated members.</p> <p>In particular, designated members are responsible for:</p> <ul style="list-style-type: none"> - appointing an auditor (if one is needed); - signing the accounts on behalf of the members; - delivering the accounts to the Registrar; - notifying the Registrar of any membership changes or change to the registered office address or name of the limited liability partnership; - preparing, signing and delivering to the registrar an annual return - acting on behalf of the limited liability partnership, if it is wound up and dissolved. <p>In effect, designated members take on the same responsibilities as a company secretary or director in an LTD.</p> <p>Designated members are also accountable in law for failing to carry out these legal responsibilities.</p>
15. Directors:	<p>LLPs have no directors.</p>



16. Registered secretary:	<p>An LLP is not required by law to have a registered secretary. However, it is advisable to appoint a local qualified secretary, who will be responsible for the preparation of the Annual Return of the LLP and for the keeping of professional records and deadlines to avoid the risk of penalties.</p>
17. Information available to the public:	<p>LLP name, registered office address, name, residential address (service address) date of birth, registration number of members, submitted Annual Returns and Accounts, Incorporation documents</p>
18. Disclosure of members/partners:	<p>Name, address and date of birth of members/partners are available to the public.</p>
19. Accounting/Reporting requirements:	<p>Each LLP must deliver to Companies House an Annual Return and annual Accounts, reporting on the financial performance and position of the LLP during the year.</p>
20. What is an Annual Return and when should it be submitted?	<p>An Annual Return is a snapshot of the information on the LLP which must contain the following:</p> <ul style="list-style-type: none"> • name of the LLP; • registered number of the LLP; • registered address; • name, residential address (from the 1st of October 2009 only the service address, if applicable), date of birth and registration number (if corporate) of each member/partner; • if not all the members are designated members, then details of which of them are designated members. <p>Every LLP must deliver an Annual Return to Companies House at least once every 12 months. The Annual Return should be delivered to Companies House within 28 days of the anniversary of formation of the LLP.</p> <p>The designated members of an LLP are responsible for ensuring that the Annual Return:</p> <ul style="list-style-type: none"> • is delivered to Companies House in time, and • gives a true picture of the membership of the LLP at the time of delivery. <p>Designated members can be prosecuted if the LLP fails to deliver the Annual Return in time or it contains false information.</p>



21. Annual Accounts	<p>Every LLP must prepare annual Accounts that report on the financial performance and position of the LLP during the year.</p> <p>The period reported in the Accounts is called the financial year, or the accounting reference period. This starts on the day after the previous financial year ended or, in the case of a new LLP, on the day of formation. For all new LLP-s, the first accounting reference period is automatically set as the first anniversary of the last day in the month in which the LLP was formed. For example, if the LLP was formed on 10 June 2009 its accounting reference date would be 30 June, and the first accounts would cover the period from 10 June 2009 to 30 June 2010.</p> <p>LLP-s normally have 10 months (9 months if the period starts on or after 6th April 2008) to send their accounts to Companies House. If Accounts are not filed with Companies House on time, the LLP will be subject to an automatic civil penalty. It is a duty of the designated members to arrange for the preparation of the Accounts in accordance with the Companies Act and Limited Liability Partnership Act. Designated members can be prosecuted if the Accounts are not delivered on time or contain false information.</p>
22. What does a set of accounts include?	<p>Generally, the accounts must include:</p> <ul style="list-style-type: none">• A profit and loss account;• A balance sheet;• An auditor's report signed by the auditor (if appropriate);• Notes to the accounts;• Group accounts (if appropriate). <p>The Accounts must be approved by the designated members and signed before they are sent to Companies House.</p>



<p>23. Penalties for late filing of the accounts</p>	<p>There is an automatic civil penalty for late filing. The amount of the penalty depends on how late the accounts are filed. The fixed penalties are as follows:</p> <table border="1" data-bbox="550 448 1348 779"> <thead> <tr> <th>Length of delay</th> <th>Amount of penalty</th> </tr> </thead> <tbody> <tr> <td>Not more than 1 month</td> <td>GBP 150</td> </tr> <tr> <td>More than 1 month but not more than 3 months</td> <td>GBP 375</td> </tr> <tr> <td>More that 3 months but not more than 6 months</td> <td>GBP 750</td> </tr> <tr> <td>More than 6 months</td> <td>GBP 1500</td> </tr> </tbody> </table> <p>Failure to deliver Accounts on time is also a criminal offence for which designated members may be prosecuted.</p>	Length of delay	Amount of penalty	Not more than 1 month	GBP 150	More than 1 month but not more than 3 months	GBP 375	More that 3 months but not more than 6 months	GBP 750	More than 6 months	GBP 1500
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<p>24. Record keeping</p>	<p>An LLP must keep the following records available for inspection at the registered office address:</p> <ul style="list-style-type: none"> • register of members; • register of members' residential addresses. 										
<p>25. What is the difference between a limited liability partnership and a limited company?</p>	<p>The structure of an LLP is different from that of an Ltd (see above). In addition, there are significant differences from the point of view of taxation. Limited companies are taxed as corporations; while LLPs are taxed as partnerships (see the detailed information below).</p>										





26. Taxation of LLPs:	<p>UK LLPs are tax transparent; they are taxed as partnerships. This means that the partnership is not taxed at the corporate level, as is the case with limited companies. The individual members are taxed, not the partnership itself.</p> <p>The profit of an LLP is divided between the members in the proportion of their participation (according to the percentage set out in the partnership agreement) in the LLP, and the members must pay taxes (income tax; corporation tax) in the place in which they are resident for tax purposes. The income received from the LLP must be added to the income received from other sources and tax should be calculated according to the total income.</p> <p>If an LLP</p> <ul style="list-style-type: none">• has non-UK resident members;• has conducted no activities on the territory of the UK; and• has received no income from UK sources <p>then the members will not become subject to taxation in the UK.</p>
27. Double Tax Treaties:	Non-resident LLP-s are not subject to DTT-s concluded by the UK.





SCOTTISH LIMITED PARTNERSHIP (SLP) FORMATION DATASHEET

Method of formation	The SLP may not be formed for an unlawful purpose. Formation documents are signed by the members and registered with Companies House.
Legal form	Limited Partnership
Status	Resident/Non-Resident
Source of corporate legislation	Limited Partnership Act 1907, Partnership Act 1890
Possible suffixes to SLP name	LP or Limited Partnership
Restrictions on SLP name	Please find below complete list of restrictions.
Time required for registration	2 - 3 weeks
Registered office	Registered office in Scotland is required by law.
Capital	The statutory minimum contribution is £1.
Type of shares	No shares are issued
Number of members	Minimum 2, The SLP must have at least one general partner and one limited partner.
Number of directors	SLP-s do not have directors.
Registered secretary	SLP-s do not require a registered secretary. However, it is advisable to appoint a local qualified secretary, who will be responsible for the keeping of professional records and deadlines to avoid the risk of penalties.
Accounting/Reporting requirements	It is not necessary to file Annual Returns and Accounts with Companies House (please find exceptions below). If any alteration is made to any of the details previously registered, the Registrar must be notified of the change within seven days.
Information publicly available	Address of principal place of business, names and addresses of members, capital contribution of the limited partner(s)
Double tax treaty	The UK has the widest network of DTTs.

General Information on Scottish Limited Partnerships (SLPs)

1. What is the difference between Limited Liability Partnerships, General Partnerships and Limited Partnerships?

Limited Liability Partnership

The LLP is principally governed by the Limited Liability Partnership Act 2001.

It is registered by Companies House and it has a separate legal personality.

The liability of the partners is limited to their capital contribution.

The management of the LLP can be undertaken by any partner and any partner can bind the partnership.

General Partnership

The General Partnership is governed by the Partnership Act 1890.

The General Partnership does not need to be registered and it has no separate legal personality.

The liability of the partners is unlimited. The partners are jointly and severally liable for the debts of the partnership.

The management of the General Partnership can be undertaken by any partner and any partner can bind the partnership.

Limited Partnership

The LP is governed by the Limited Partnership Act 1907 and the Partnership Act 1890.

The LP must be registered with the Registrar under s.5 Limited Partnership Act 1907.

The LP does not have separate legal personality, except in Scotland under s.4(2) Partnership Act 1890.

There are general partners and limited partners in an LP. The liability of the general partners is unlimited while the liability of the limited partners is limited to their capital contribution.

The management of the LP can be undertaken only by the general partner(s) and only the general partner(s) can bind the partnership.

2. What is a Scottish Limited Partnership (SLP)?

The SLP is a Limited Partnership and it has a separate legal personality. This is a unique trait of an SLP which is not enjoyed by limited partnerships incorporated elsewhere in the UK. It means that the SLP itself can own assets, enter into contracts, sue or be sued, own property, borrow money and grant certain types of security.

The SLP can only be established to carry on a lawful business in common with a view to profit.



3. Status	<p>Resident / Non-Resident</p> <p>The SLP is tax transparent therefore its residence is where its members are resident for tax purposes and/or where it has a permanent establishment.</p>
4. Source of corporate legislation	<ul style="list-style-type: none"> • Limited Partnership Act 1907 • Partnership Act 1890
5. Method of registration	<p>Formation documents are signed by the members and registered with the Scottish Registrar of Limited Partnerships at Companies House in Edinburgh.</p> <p>The following are to be confirmed on registration of a limited partnership:</p> <ul style="list-style-type: none"> • the partnership's name, including the appropriate name ending – Limited Partnership, LP; • the general nature of the business; • the address of the principal place of business; • the full name of each partner, listing general and limited partners separately; • the term (if any) for which the partnership is entered into (this begins with the date of registration); • a statement that the partnership is limited and the description of every partner as such; and • the sum contributed by each limited partner, and whether it is paid in cash or otherwise. <p>If the Registrar is satisfied that the requirements of Limited Partnership Act and Partnership Act as to registration have been complied with, the information filed will be placed on the public record and the Registrar will give a Certificate of Registration confirming that the SLP is formed.</p> <p>The SLP will come into existence on registration. Until the partnership is registered, all partners will be equally responsible for any debts and obligations incurred.</p>



6. Possible suffixes to SLP name	LP or Limited Partnership
7. Restrictions on SLP name	<p>The name of an SLP should not be the same as or similar to a name already registered. The name may not be offensive or a name whose use would be a criminal offence.</p> <p>The approval of the Secretary of State for Business, Enterprise & Regulatory Reform is required in order to use any of the following words or expressions (or their plural or possessive forms) in the chosen SLP name:</p> <p><i>British, Great Britain, National, Wales, England, International, Scotland, Welsh, English, Ireland, Scottish, European, Irish, United Kingdom, Association, Board, Federation, Institution, Authority, Council, Institute, Society, Government, HSC (Health and Social Care), HPSS (Health and Personal Social Services), Assurance, Friendly society, Post office, Trade union, Assurer, Fund, Reassurance, Trust, Benevolent, Group, Re-assurer, Charter, Holding, Register, Chartered, Industrial & provident society, Registered, Chemist, Insurance, Re-insurance, Chemistry, Insurer, Re-insurer, Co-operative, Patent, Sheffield, Foundation, Patentee, Stock exchange.</i></p> <p>The following words or expressions require the approval of the Secretary of State. A copy of the supporting letter should be sent with the application to form an SLP or to change its name.</p> <p><i>Charity, Charitable, Contact Lens, Dental, Dentistry, District Nurse, Health Visitor, Midwife, Midwifery, Nurse, Nursing, Health Centre, Health Service, NHS (National Health Service), Police, Polytechnic, Pregnancy, Termination, Abortion, Royal, Royale, Royalty, King, Queen, Prince, Princess, Windsor, Duke, His/Her Majesty, Special School, University.</i></p>



	<p>Certain words or expressions are covered by other legislation and their use in SLP names might be a criminal offence. These are listed below. If you want to use any of these words or expressions in the SLP name, then first the relevant regulatory authority must be contacted for further instructions.</p> <p><i>Anzac, Architect, Art Therapist, Art Psychotherapist, Drama therapist, Music Therapist, Chiropodist, Podiatrist, Clinical Scientist, Dietician Part, Biomedical Scientist, Occupational Therapist, Orthoptist, Paramedic, Physiotherapist, Physical Therapist, Prosthetist, Orthotist, Diagnostic Radiographer, Therapeutic Radiographer, Speech and Language Therapist, Speech Therapist, Operating Department Practitioner, Building Society, Chiropodist, Dietician, Medical Laboratory, Technician, Occupational Therapist, Orthoptist, Physiotherapist, Radiographer, Remedial Gymnast, Chamber(s) of Business, Chamber(s) of Commerce, Chamber(s) of Commerce and Industry, Chamber(s) of Commerce, Training and Enterprise, Chamber(s) of Enterprise, Chamber(s) of Industry, Chamber(s) of Trade, Chamber(s) of Trade and Industry, Chamber(s) of Training, Chamber(s) of Training and Enterprise, Chiropodist, Dietician, Medical Laboratory, Technician, Occupational Therapist, Orthoptist, Physiotherapist, Radiographer, Remedial Gymnast, Chiropractor, Credit Union, Dentist, Dental Surgeon, Dental Practitioner, Druggist, Pharmaceutical, Pharmaceutist, Pharmacist, Pharmacy, Institute of Laryngology, Institute of Otology, Institute of Urology, Institute of Orthopaedics, Patent Office, Patent Agent, Olympiad, Olympiads, Olympian, Olympians, Olympic, Olympics, Paralympic, Paralympics, Paralympiad, Paralympiads, Paralympian, Paralympians, Optician, Ophthalmic Optician, Dispensing Optician, Enrolled Optician, Registered Optician, Optometrist, Red Cross, Geneva Cross, Red Crescent, Red Lion and Sun, registered pharmacist, registered trade mark agent, Solicitor, Veterinary Surgeon, Veterinary, Vet.</i></p>
<p>8. Time required for registration</p>	<p>2-3 weeks.</p>

9. Address of Principal Place of Business	<p>The principal place of business of the SLP must be in Scotland. The right to register a Scottish Limited Partnership rests on having a place of business in Scotland.</p> <p>This address must be an effective address – physical location – for delivering correspondence and documents to the SLP, not just a post office box. All official documents, letters and reminders of Companies House, as well as notices and court papers have to be sent to the above address. To avoid delays it is important that all correspondence sent to this address is dealt with promptly. If the SLP changes its address after incorporation, then the Registrar must be notified of the new address. All documents of the SLP and registers (or copies of them) must be kept at this address.</p>
10. Capital	<p>The statutory minimum contribution is £1.</p>
11. Type of shares	<p>No shares are issued.</p>
12. SLP structure	<p>An SLP is formed by members (at least one general partner and one limited partner) for the purpose of carrying on a lawful business in common with a view to profit.</p> <p>The SLP is managed not by directors but by its general partners according to the provisions set out in their Partnership Agreement. Matters governed by the Partnership Agreement will include management rights, voting rights, and profit share. Basically the members are free to determine their relationship within the SLP in this agreement, however limited partners cannot take part in the management of the business.</p> <p>The partnership agreement is not a public document and there is no requirement to file it with the Registrar.</p>
13. Number of members/ partners:	<p>A minimum of 2 members are required to form an SLP.</p> <p>A limited partnership must have at least one general partner and one limited partner.</p>
14. Who can be a member/ partner of an SLP?	<p>Any natural person or body corporate can be a member/ partner in an SLP either as a general or as a limited partner. A person cannot be both a general and a limited partner at the same time. There are no restrictions on the nationality or residency of the partners, i.e. members/partners may be either residents or non-residents in the UK.</p>



15. Liability of the members	<p>General Partners</p> <p>They are liable for all debts and obligations of the partnership and they are responsible for the management of the business. Only they have the power to bind the partnership. As the general partner may be a corporate entity (a limited company), the unlimited liability of the general partner may be restricted to the assets of the corporate entity.</p> <p>Limited Partners</p> <p>They contribute a sum or sums of money as capital, or property valued at a stated amount. Limited partners are not liable for the debts and obligations of the partnership beyond the amount contributed.</p> <p>Limited partners may not:</p> <ul style="list-style-type: none"> • draw out or receive back any part of their contribution to the partnership during its lifetime; • take part in the management of the business or • have power to bind the firm. <p>If they do, they become liable for all the debts and obligations of the partnership up to the amount drawn out, received back or incurred, as the case may be, while taking part in the management of the partnership.</p>
16. Directors:	SLPs have no directors.
17. Registered secretary:	An SLP is not required by law to have a registered secretary. However, it is advisable to appoint a local qualified secretary, who will be responsible for keeping of professional records and deadlines to avoid the risk of penalties.
18. Information available to the public:	SLP name, address of principal place of business, names and addresses of members, capital contribution of the limited partner(s).
19. Disclosure of members/partners:	Names and addresses of members, and amount of capital contribution of limited partner(s) are available to the public.
20. Accounting/Reporting requirements:	<p>Annual Return:</p> SLPs are not required to file Annual Returns with the Registrar.

	<p>Accounts:</p> <p>There is no requirement for an SLP to submit annual Accounts to the Registrar unless the Partnership and Unlimited (Accounts) Regulations 1993 (SI 1993/1820) apply. In these circumstances, if the general partner is a limited company, a copy of the SLP's Accounts must be appended to, and filed with, the limited company accounts.</p> <p>Basically an SLP does not need to publish Accounts. However, under UK law if all the general partners are bodies corporate, the SLP must prepare statutory Accounts, and if any of the general partners are required to file statutory Accounts at Companies House, they must also append the most recent set of SLP statutory Accounts for simultaneous filing at Companies House.</p> <p>Where none of the general partners of an SLP is liable to file UK Accounts, then (if all the general partners are bodies corporate) the statutory Accounts to be prepared by the SLP must be lodged at the "Head Office" of the partnership. The "Head Office" of the partnership may be different from its principal place of business and may well be outside the United Kingdom.</p> <p>Changes:</p> <p>If any alteration is made to any of the details previously registered, the Registrar must be notified of the change within seven days.</p>
<p>21. Record keeping</p>	<p>SLPs must keep registers of members and copies of formation documents available for inspection at the address of principal place of business.</p>
<p>22. Taxation of SLP-s:</p>	<p>The SLP is tax-transparent. The SLP is taxed as though it did not have a separate legal personality. No tax is payable by the SLP itself. Instead, the UK tax authorities (and other foreign tax jurisdictions) look through the partnership structure and partners are taxed on their share of partnership income and gains. UK tax resident partners are subject to UK tax on their share of worldwide partnership profits. Those partners who are not UK resident, however, will only pay UK tax if the partnership is carrying on a trade in the UK, and only on their share of profits arising in the UK.</p> <p>Provided the business of the SLP is managed and controlled outside the UK, i.e. - the general partner is non-UK resident - then there can be no liability to UK tax on income of the partnership unless:</p> <ul style="list-style-type: none"> • Income arises from trading in the UK; or • Income is paid to a UK resident partner.
<p>23. Double Tax Treaties:</p>	<p>Non-resident SLP-s are not subject to DTT-s concluded by the UK.</p>



LTD, LLP and SLP Comparison

	LTD	LLP	SLP
Status	Separate legal entity; can own land, sue, be sued etc in its own name	Separate legal entity; can own land, sue, be sued etc in its own name	Separate legal entity; can own land, sue, be sued etc in its own name
Registration & public records	Incorporation requires registration at Companies House	Incorporation requires registration at Companies House	Incorporation requires registration at Companies House
	Incorporation documents, Annual Returns, Accounts etc open to public inspection	Incorporation documents, Annual Returns, Accounts etc open to public inspection	Incorporation document open to public inspection
	Articles of Association are public documents	Partnership Agreement is not public document	Partnership Agreement is not public document
	Companies House must be notified of changes, Annual Return, Accounts must be submitted every year	Companies House must be notified of membership changes, Annual Return, Accounts must be submitted every year	Companies House must be notified of membership changes
Governing law & constitution	Companies Acts apply	Limited Liability Partnership Act 2000 and Limited Liability Partnership Regulations 2001 apply	Limited Partnership Act 1907 and Partnership Act 1890 apply
Capital	The minimum share capital of a company is 1 p (public company- £50,000) for a private company, at least one share needs to be issued (private companies limited by shares). Shares may be divided into different classes and different denominations with varying rights.	No minimum capital requirement. Capital is not divided into shares.	The statutory minimum contribution is £1. Capital is not divided into shares.
Profits	May pay salaries and dividends from distributable profits.	Members may draw on their profits within the terms of their agreement.	Partners may draw on their profits within the terms of their agreement.
Organisation	Less organisational flexibility	Organisational flexibility	Less organisational flexibility
Members	Requires at least 1 member; member(s) can be corporation(s)	Requires at least 2 partners; partners can be corporations	Requires at least 2 partners; partners can be corporations

Management	Requirement for director(s) and secretary; at least one director must be a natural person.	At least 2 members must be 'designated members' and notified to Companies House as such; they have additional responsibilities.	Requires at least 1 general partner, who is liable for all debts and obligations of the partnership and responsible for the management of the business and 1 limited partner, who cannot take part in the management and who is not liable for the debts and obligations of the partnership beyond the amount contributed.
	Member must subscribe and be accepted by directors.	A person may become a member by agreement with existing members – and may leave by death, dissolution, or by agreement.	A person may become a partner by agreement with existing partners – and may leave by death, dissolution, or by agreement.
Agreements	Companies must have Articles of Association.	No obligation to enter formal arrangements between members – there are default provisions in the LLP act which will apply, in the absence of agreement on the point.	No obligation to enter formal arrangements between partners – there are default provisions in the LP act which will apply, in the absence of agreement on the point.
Liability to third parties	Liability of members for company debts limited to amounts unpaid on shares.	Liability of partners for partnership debts limited to amount of capital agreed to be contributed in the event of winding up.	General partners are liable for all debts and obligations of the partnership. Limited partners are not liable for the debts and obligations of the partnership beyond the amount contributed.
	Shareholders do not have power to bind the company.	Each partner has power to bind the LLP, unless the person with whom he is dealing knows he does not have that power.	Only the general partner(s) have the power to bind the partnership.
Taxation	It is taxed according to company principles.	It is taxed according to partnership principles (no Corporation tax; partners are individually liable for tax on their shares of profits).	It is taxed according to partnership principles (no Corporation tax; partners are individually liable for tax on their shares of profits).
	A company is an independent legal entity in its own right; a contract with the company is therefore not a contract with any of its members.	An LLP is an independent legal entity in its own right; a contract with an LLP is therefore not a contract with any of its partners.	An SLP is an independent legal entity in its own right; a contract with an SLP is therefore not a contract with any of its partners.



PRICE-LISTS

PRIVATE COMPANY LIMITED BY SHARES (LTD)

COMPULSORY COSTS (payable prior to registration)

FORMATION FEES	
Registration fee (including legal expenses, filing fees and stamp duties)	80 GBP
International authentication (Apostille) of the Certificate of Incorporation	125 GBP
Issuing of share certificates, initial minutes, registers and other forms	55 GBP
Corporate seal	10 GBP
Courier fee	30 GBP
Subtotal	300 GBP
ANNUAL FEES*	
Registered office and secretary	490 GBP
Administration fee	200 GBP
Annual tax and duties	20-28%
* The annual fees for the first year of existence of the company are payable prior to registration. Subsequently the amount of 690 GBP is payable annually, beginning from the second year of existence of the company. Non-payment of the annual fees results in the company being struck off the Company Register.	
Subtotal	690 GBP
Total	990 GBP

The amount of **990 GBP** includes the following services: formation of the company, duties payable to the local authorities for the registration of the company, provision of registered office and registered secretary for 1 year, luxury leather corporate kit containing Certificate of Incorporation with Apostille, Memorandum & Articles of Association, Corporate Register, share certificates, initial forms and minutes, and 2 company seals.

The price contains no hidden costs!

OPTIONAL COSTS	
Nominee director	950 GBP/year
Nominee shareholder	250 GBP/year

Service address for the Director(s)	200 GBP/year
Certificate of Good Standing with Apostille	190 GBP
Notarial Certification	150 GBP
Apostille	125 GBP

LAVECO LTD. is pleased to offer its clients shelf Limited Companies in the UK registered within the framework of a special, advantageous tax scheme. In the case of purchase of a shelf company the paperwork and documentation involved can be completed in just one hour. Contact our office for details and a list of shelf companies!.

SHELF COMPANY PACKAGE	
Formation fees including annual fees for the first year Ready made UK Limited Company	990 GBP
Fees payable from the second year Annual duties, registered office and registered secretary	690 GBP +Corp. tax on profit

LIMITED LIABILITY PARTNERSHIP (LLP)

COMPULSORY COSTS (payable prior to registration)

FORMATION FEES	
Registration fee (including legal expenses, filling fees and stamp duties)	80 GBP
International authentication (Apostille) of the Certificate of Incorporation	125 GBP
Issuing of share certificates, initial minutes, registers and other forms	55 GBP
Corporate seal	10 GBP
Courier fee	30 GBP
Subtotal	300 GBP
ANNUAL FEES*	
Registered office and secretary	490 GBP
Administration fee	200 GBP



* The annual fees for the first year of existence of the company are payable prior to registration. Subsequently the amount of 690 GBP is payable annually, beginning from the second year of existence of the company. Non-payment of the annual fees results in the company being struck off the Company Register.

Subtotal	690 GBP
Total	990 GBP

The amount of **990 GBP** includes the following services: formation of the company, duties payable to the local authorities for the registration of the company, provision of registered office for 1 year, luxury leather corporate kit containing Certificate of Incorporation with Apostille, Partnership Agreement, Corporate Register, Certificate of Interests, initial forms and minutes, and 2 company seals.

The price contains no hidden costs!

OPTIONAL COSTS	
Power of Attorney with Notarial Certification	190 GBP
Certificate of Good Standing with Apostille	190 GBP
Notarial Certification	150 GBP
Apostille	125 GBP



UK CORPORATION TAX

Corporation Tax in the UK is a tax on the taxable profits of limited companies and some organisations including clubs, societies, associations, co-operatives, charities and other unincorporated bodies.

The following limited companies and unincorporated organisations **are subject to Corporation Tax** requirements in the UK:

- **limited companies incorporated in the UK**
- **foreign-based companies with a permanent place of business in the UK**
- members' clubs, such as social clubs, sports clubs and holiday clubs
- societies, such as friendly societies and provident societies
- associations, such as housing associations and trade associations
- co-operatives
- other unincorporated associations
- groups of individuals carrying on a business that is not a partnership
- charities, or companies that are subsidiaries of - or wholly owned by - a charity
- NHS foundation trusts if they are carrying out significant commercial activities that are not part of core health care delivery, such as running a commercial laundry

Businesses and organisations that **are not subject to Corporation Tax** requirements in the UK include:

- sole traders - one-person businesses that are not operating through a limited company
- **traditional partnerships**
- **limited liability partnerships (LLPs)**
- local authorities
- local authority associations
- investment clubs
- allotment and garden societies
- health service bodies
- London Organising Committee of the Olympic Games Ltd and the International Olympic Committee

Taxable profits for Corporation Tax in the UK include:

- profits from taxable income such as trading profits and investment profits (except dividend income which is taxed differently)
- capital gains - known as 'chargeable gains' for Corporation Tax purposes.



If the company or organisation is resident in the UK for tax purposes, Corporation Tax must be paid on all taxable profits - wherever in the world those profits come from.

If the company is not resident in the UK for tax purposes it will only be liable to pay Corporation Tax if it receives UK source income or if it is carrying on a trade in the UK through a permanent establishment and receiving income from the permanent establishment.

Accounting period for Corporation Tax in the UK:

Corporation Tax accounting period is normally 12 months long.

This accounting period normally matches the company's 12-month financial year. The company's financial year begins and ends with the dates covered by the company's annual Accounts as submitted to Companies House.

Companies or organisations pay Corporation Tax on taxable profits for each Corporation Tax accounting period.

Corporation Tax rates in the UK

There are currently two rates of Corporation Tax, depending on the company or organisation's taxable profits:

- the lower rate - known as the 'small companies' rate even though it is based on the amount of taxable profits rather than the overall size of a company
- the upper rate - known as the 'full' rate or 'main' rate

There is also a sliding scale between the lower and upper rates known as 'marginal rate relief'.

This means that if the profits of the company or organisation are over the lower rate but less than the main rate, the effective rate of Corporation Tax rises gradually from the lower rate to the higher rate depending on the taxable profit.

	2008	2009	2010	2011
Small Companies Rate*	21%*	21%*	21%*	20%*
Small Companies Rate can be claimed by qualifying companies with profits at a rate not exceeding	£300,000	£300,000	£300,000	To be advised
Marginal Small Companies Relief Lower Limit	£300,000	£300,000	£300,000	To be advised
Marginal Small Companies Relief Upper Limit	£1,500,000	£1,500,000	£1,500,000	To be advised
Marginal Small Company Relief (MSCR) Fraction	7/400	7/400	7/400	To be advised
Main rate of Corporation Tax	28%	28%*	28%*	27%*
Special rate for unit trusts and open-ended investment companies	20%	20%	20%	To be advised

The main rate of Corporation Tax applies when profits (including ring fence profits) are at a rate exceeding £1,500,000, or where there is no claim to another rate, or where another rate does not apply.

*For companies with ring fence profits (income and gains from oil extraction activities or oil rights in the UK and UK Continental Shelf) these rates differ. The Small Profits Rate of tax on those profits is 19 per cent and the ring fence fraction is 11/400 for financial years starting 1 April 2008, 2009 and 2010. The main rate is 30 per cent for financial years starting on 1 April 2009, 2010 and 2011.

In his April 2009 Budget, the Chancellor announced that the main rate of Corporation Tax for the financial year beginning 1 April 2010 will be 28 per cent. The main rate of Corporation Tax for companies with ring fence profits will be 28 per cent.

Deadlines

Company Tax Return must be filed within 12 months of the end of the company or organisation's Corporation Tax accounting period.

The company or organisation will be charged an automatic penalty, even if it does not owe any Corporation Tax, if it files the Company Tax Return late.

The deadline to pay the Corporation Tax is before the deadline to file the Company Tax Return. Generally the company or organisation must:

- pay by 9 months after the end of the company or organisation's Corporation Tax accounting period
- file by 12 months after the end of the company or organisation's Corporation Tax accounting period

(Please note that Companies House filing requirements are separate from HMRC Corporation Tax requirements.)

Record keeping

If the company or organisation is liable for Corporation Tax, adequate accounting and business records must be kept and retained in order to file an accurate Company Tax Return and calculate how much Corporation Tax is to be paid.

If the company is registered at Companies House, certain accounting records must be kept and retained showing the company's transactions and its financial position.

These records include:

- a record of the company's assets; for example, a record of 'capital expenditure' such as the purchase and sale or disposal of company assets, equipment, office furniture and vehicles
- a record of the company's liabilities
- a record of the company's income and expenditure
- details of any stock on hand at the end of the financial year



The **business records** that the company or organisation must keep for Corporation Tax purposes include the following:

- annual accounts, including profit and loss statement and balance sheet
- bank statements and paying-in slips
- a cash book and any other account books kept by the company
- purchases and sales books or ledgers
- invoices and any record of daily takings such as till rolls
- order records and delivery notes
- a petty cash book
- other relevant business correspondence

The above business and accounting records must normally be retained for at least six years from the end of the relevant Corporation Tax accounting period.



UK CAPITAL GAINS TAX

Capital Gains Tax in the UK is a tax on the profit or gain being made when an asset is sold, given away, transferred or exchanged ('disposed of').

Capital Gains Tax is payable in the UK by:

- Individuals who are UK resident or UK ordinarily resident;
- UK resident trusts;
- Non-resident persons trading in the UK through a branch or agency.

Individuals who are UK resident or UK ordinarily resident and also UK domiciled are liable for Capital Gains Tax on their worldwide capital gains.

Individuals who are UK resident or UK ordinarily resident but not UK domiciled are always liable for Capital Gains Tax on capital gains arising from the disposal of UK property but only liable for Capital Gains Tax on "foreign" capital gains if and when they remit their disposal proceeds back to the UK.

Members of a partnership must pay Capital Gains Tax on their share of any gain when the member sells or otherwise disposes of partnership assets.

For limited companies capital gains form part of the total profits of the company on which they pay Corporation Tax.

Who can be considered as the owner of an asset?

The taxpayer may have a chargeable gain if he/she is the legal owner or the beneficial owner of the asset. Sometimes, the beneficial owner is not the same as the legal owner, for example when an asset is legally owned by a bare trustee or a nominee.

What about gains made by trusts and companies in which the taxpayer has an interest?

If someone holds an asset on behalf of a taxpayer as a nominee or a bare trustee, any gain arising on the asset is treated as the gain of the taxpayer for Capital Gains Tax purposes.

The taxpayer may also have to pay Capital Gains Tax on amounts attributed to him/her in respect of chargeable gains made by certain other trusts or companies, including

- Trusts resident in the UK of which the taxpayer is a settlor (a person who puts property into the trust) and from which the taxpayer or his/her husband or wife can benefit;
- Trusts not resident in the UK of which the taxpayer is a settlor and from which the taxpayer, or certain persons close to him/her, can benefit;
- Trusts not resident in the UK from which the taxpayer has received capital payments;
- Certain kinds of company not resident in the UK in which the taxpayer holds an interest.

**Capital Gains Tax must be paid if a company:**

- sells, gives away, exchanges, or transfers - disposes of - all or part of an asset
- receives a capital sum

Common assets that attract Capital Gains Tax when they are sold or disposed of include:

- land
- buildings, for example a second home
- personal possessions such as a painting worth more than £6,000
- shares or securities
- business assets, for example business premises or goodwill

Capital Gains Tax on property

Typical types of property include:

- a property that was bought as an investment, for example a buy-to-let property
- a second home, for example a holiday home in the UK or overseas
- business premises, such as a shop or a factory
- land, such as agricultural land

Capital Gains Tax may not have to be paid when a main home is sold or disposed of, if a relief called **Private Residence Relief** is applicable.

Private Residence Relief will apply:

- if the property is an only home or main residence, and
- the taxpayer has only used it as a home and nothing else.

The amount of Capital Gains Tax payable can be reduced by certain tax reliefs. There are different reliefs and rates of relief available depending on whether the property has been used for business purposes or not.

Property not used for business purposes

Some examples of property that are not usually business assets for Capital Gains Tax purposes are:

- buy-to-let properties
- properties bought as second homes
- properties bought for children to live in

The only relief normally available on non-business properties is **Taper Relief**. It applies only to properties sold or disposed of before 6 April 2008. Taper Relief reduces the gain based on the length of time the property was owned.

Property used for business purposes

Examples of property which may be used in a business include:

- agricultural land
- farm buildings
- a shop
- a factory or warehouse
- a furnished holiday letting in the UK

If the property counts as a business asset the following reliefs may be available for Capital Gains Tax purposes:

- **Business Asset Roll-Over Relief** - All or part of the gain may be postponed if another property or certain other asset is bought for business use.
- **Gift Hold-Over Relief** - If a property is given away all or part of the gain may be postponed until the property is sold.
- **Entrepreneurs' Relief** - The gain may be reduced by four-ninths for the first £1 million of gains. It only applies to sales or disposals on or after 6 April 2008.
- **Taper Relief** - This reduces the gain. The reduction is based on the length of time the property was owned and whether or not it qualifies as a business asset for Taper Relief. It only applies to properties sold or disposed of before 6 April 2008.

Capital Gains Tax on shares

Investments liable to Capital Gains Tax when sold or disposed of include:

- stocks and shares in a company
- units in a unit trust
- debentures, bonds (but not premium bonds) and certain securities - these are generally investments in or loans to a company or the government

Capital Gains Tax on personal possessions

Personal possessions that may be liable to Capital Gains Tax when sold or disposed include:

- jewellery
- paintings
- antiques
- coins and stamps



Capital Gains Tax on business assets

Business assets are assets that are related to trading or to a business in some way.

They include all forms of:

- land and buildings used as business premises, eg a shop, factory or workshop
- fixtures and fittings, eg shelves or a counter in a shop
- plant and machinery, eg a computer or digger
- goodwill, eg the good name or reputation which a business has built up over the years of its operation (this can have a financial value)
- shares, eg in a personal company
- registered trade marks

The following assets do not give rise to a chargeable gain when sold or disposed of, therefore Capital Gains Tax will not be payable:

- private car;
- Personal possessions that are individually worth £6,000 or less at the time of sale - this covers many household articles such as fridges and sofas. But there are slightly different rules for assets that form part of a set.
- Most personal possessions that are 'wasting assets'. A personal possession will be a 'wasting asset' if its useful life at the time of purchase or acquisition could be predicted to be 50 years or less.
- Savings Certificates, Premium Bonds and British Savings Bonds;
- UK Government stocks (gilts);
- Shares in an Enterprise Investment Scheme (EIS) company or a Venture Capital Trust (VCT), provided certain conditions are met;
- Shares held in an approved Share Incentive Plan provided you keep the shares in the plan until you dispose of them;
- Assets held in a Personal Equity Plan (PEP) or an Individual Savings Account (ISA).

Capital Gains Tax is paid through the Self Assessment system and will be calculated as part of the Self Assessment tax return.

Annual tax-free allowances

Nearly everyone who lives in the UK will be entitled to the Annual Exempt Amount. This allows the taxpayer to receive some normally taxable gains 'tax-free'. There are different Annual Exempt Amounts for individuals (including personal representatives) and most trustees. The amounts are set for each tax year.

Annual Exempt Amounts for individuals and trustees

Annual Exempt Amount	2008-09 (£)	2009-10 (£)	2010-11 (£)
Individuals, personal representatives & trustees for vulnerable persons	9,600	10,100	10,100
Other trustees	4,800	5,050	5,050

Tax rates and thresholds

2008-09 and 2009-10

There is a **single rate of Capital Gains Tax of 18 per cent** for individuals, trustees and personal representatives.

2007-08

The rates of Capital Gains Tax for individuals for 2007-08 are **10 per cent, 20 per cent and 40 per cent, depending on income.**

Capital Gains Tax 2007-08; tax rates and tax bands for individuals

2007-08 Capital Gains Tax rates	When to use it	2007-08 tax bands
10%	If the starting rate band has not been fully used against your taxable income, you can use the remainder to set against your capital gains	Starting rate band: £0-£2,230
20%	If the basic rate band has not been fully used against your taxable income, you can use the remainder to set against your capital gains	Basic rate band: £2,231-£34,600
40%	Once the starting rate bands and the basic rate band have been fully used, you pay Capital Gains Tax at 40%	Higher rate band: Over £34,600

Deadlines

The deadline for filing a paper tax return is:

- 31 October after the tax year, if the notice to file a tax return was sent before 1 August after the tax year
- the later of 31 October after the tax year or three months after the date the notice to file was sent, if it was sent on or after 1 August

The deadline for filing a tax return online is:

- 31 January after the tax year to which the return relates if HMRC sent the notice to file a tax return before 1 November
- three months after the date of the notice to file if they send it on or after 1 November



If the tax return is filed after the deadline an automatic £100 penalty will be charged and further penalties if the delay continues.

The deadline for paying Capital Gains Tax is 31 January.

Record keeping

Certain records and documents must be kept in order to help the taxpayer work out the capital gain or loss, to complete the tax return and to answer any queries from HM Revenue & Customs.

Typical documents that must be kept include:

- contracts for buying and selling the asset
- bills, invoices or other records of payments
- copies of valuations

If you are not carrying on a trade, profession or business on your own or in partnership, Capital Gains Tax records must be kept for at least **22 months** after the end of the tax year when the asset was sold or disposed of.

A self-employed person must keep accurate records for at least **5 years and 10 months** after the end of the tax year the records relate to. A penalty of up to £3,000 can be imposed for failure to maintain or retain the records.

A member of a partnership - as the member is taxed on his/hers share of the business profits - must keep accurate records. By law, a member must keep business records for at least **5 years** from the 31 January following the tax year for which the tax return is made. A penalty up to £3,000 can be charged for each failure to maintain or retain adequate records to back up a tax return.

The basic partnership records should include:

- a record of all the partnership's sales, with copies of any invoices you've issued
- a record of all purchases and expenses
- invoices for all the partnership's purchases and expenses - unless they are for very small amounts
- details of any amounts partners personally pay into or take from the business
- copies of the partnership's bank statements

The nominated partner uses these records to work out:

- the partnership's business profit
- each partner's share of the profits - this goes on the supplementary partnership pages that the partners must fill in with their individual tax returns

UK VALUE ADDED TAX (VAT)

Value Added Tax (VAT) is a tax which is charged on most goods and services that VAT registered businesses provide in the UK. It is also charged on goods and some services that are imported from countries outside the European Union (EU), and brought into the UK from other EU countries.

The fact that a business is subject to VAT in the UK does not necessarily mean that the company is tax resident from the point of view of corporation tax.

Who can register for VAT

The following taxable persons and entities can register for VAT if they are in business:

- an individual
- a partnership
- a company
- a club
- an association
- a charity
- any other organisation or group of people acting together under a particular name, such as an educational or health institution, exhibition, conference, etc.

Who cannot register for VAT

The following taxable persons and entities cannot register for VAT:

- a business which sells only goods or services that are exempt from VAT
- an entity which is not in business according to the definition that HM Revenue & Customs uses for VAT purposes

HM Revenue & Customs defines a business as a continuing activity involving getting paid for providing goods or services - in money or another form of payment such as in-kind or barter.

Who have to register for VAT

A business which provides goods or services which count as 'taxable supplies' has to register for VAT if either:

- the turnover for the previous 12 months has exceeded a specific limit - called the 'VAT threshold' (currently £68,000), or
- the turnover will soon go over this limit

Voluntary registration

A business can choose to register for VAT if it wants, even if it doesn't actually have to.

There are potential cash flow advantages of being able to charge VAT on sales and claim back VAT on purchases.



Definition of Taxable Supplies

All goods and services, which are liable to VAT at any rate including zero rate are called taxable supplies. The fact that the taxable person is not registered for VAT does not mean that it does not produce taxable supplies. However it only become liable to charge VAT on the taxable supplies once the turnover of these supplies goes over the registration threshold or the company registers for VAT voluntarily.

In order to be registered for VAT in the UK **the taxable person** – company/partnership – **needs to be able to demonstrate that:**

- it makes or intends to make supplies that would have been taxable supplies
- the taxable turnover has gone over or will soon go over the VAT threshold
- it has a fixed establishment in the UK
- it has a UK bank account

VAT returns

VAT-registered businesses have to fill in a VAT Return quarterly and file it with HM Revenue & Customs.

Rates

There are different VAT rates, depending on the goods or services that are being provided.

- **standard rate** - 20 per cent
- **reduced rate** - 5 per cent
- **zero rate** - 0 per cent

The standard rate of VAT is the default rate - this is the rate that's charged on most goods and services in the UK unless they're specifically identified as being reduced, zero-rated, exempt from VAT or outside the scope of VAT.

Reduced rate

These are some examples of goods and services that may be reduced-rated, depending on the product itself and the circumstances of the sale:

- domestic fuel and power
- installing energy-saving materials
- sanitary hygiene products
- children's car seats

This is not a complete list of reduced-rated items and services.

Zero rate

Zero-rated items and services are taxable for VAT, but the VAT rate is zero per cent.

These are examples of goods and services that may be zero-rated, depending on the product itself and the circumstances of the sale:

- food - but not meals in restaurants or hot takeaways
- books and newspapers
- children's clothes and shoes
- public transport

This is not a complete list of zero-rated items and services.

Exempt from VAT

Exempt goods and services are not subject to VAT.

Items that are exempt include the following:

- insurance
- providing credit
- education and training, if certain conditions are met
- fundraising events by charities, if certain conditions are met
- membership subscriptions
- most services provided by doctors and dentists

This is not a complete list of zero-rated items and services.

Outside the scope of VAT

Some goods and services are not covered by the UK VAT system at all - they are outside the scope of VAT. They are not taxable supplies and no VAT is charged on them.

Goods and services that are outside the scope of UK VAT include anything the business:

- sells (or otherwise supplies) when it is not registered for VAT - and it does not need to be registered
- buys or sells outside the European Union (EU)
- sells (or otherwise supplies) but not as part of the business

Other goods and services outside the scope of VAT include:

- donations to charity freely given by a business where the giver does not receive anything in return
- fees that are fixed by law - known as 'statutory fees'
- tolls for bridges, tunnels and roads operated by public authorities
- low cost welfare services provided by charities

Goods or services supplied within the EU may be inside or outside the scope of UK VAT, depending on the particular transaction.



Expected changes in the future

The changes to the Cross-border VAT rules announced at Budget represent a significant reform of the VAT regime applying to services and introduce important changes to the intra-EU reporting regime for goods.

These changes, adopted by EU Finance Ministers in February 2008 and December 2008 will:

- modernise and simplify the current rules relating to cross-border supplies of services
- make the recovery of VAT on purchases made in other EU countries more efficient
- help to counter VAT fraud

Who will be affected by the changes?

- Businesses supplying services to overseas businesses.
- Businesses receiving services from overseas businesses.
- Businesses supplying goods to other EC countries.
- Businesses that want to reclaim VAT incurred in another EC country.

To comply with the new rules, businesses will need to make fundamental changes to their current VAT accounting and reporting processes in order to be ready for 1 January 2010.



UK STAMP DUTY

Stamp duty applies to transfers of stock and marketable securities, and to certain transfers of interest in partnerships.

Stamp duty does not apply if the company increases its share capital by allotting and issuing new shares or if the company reduces its share capital.

Shares in unlisted companies are transferred by the owner (the transferor) executing a Stock Transfer Form (STF) in favour of the recipient (the transferee). The transferor should also pass to the transferee the transferor's share certificate in relation to the shares.

Once the STF has been executed the transferee becomes the beneficial owner of the shares. However, the transferee does not become the legal owner unless and until his name is entered into the company's register of members in relation to the shares. During the period that the transferee is only a beneficial owner of the shares, he cannot vote in relation to the shares and dividends are not payable directly to him. However, the transferor holds the legal title to the shares on trust for the transferee until the transferee is registered in the register of members. The transferor must exercise voting rights in accordance with the instructions of the transferee, and must hold any dividends received on trust for the transferee.

The share purchase price is 1000GBP or less

From 13 March 2008, most documents transferring stock or marketable securities that were previously chargeable with £5 stamp duty will be exempt and will not need to be presented to HM Revenue & Customs for stamping. These can be sent direct to the company registrar.

The share purchase price is more than 1000GBP

The STF must be 'stamped' by HM Revenue and Customs Stamp Office as evidence that the transferee has paid any stamp duty due on the transfer. Stamp Duty is payable to HM Revenue & Customs on the aggregate amount at ½% rounded up to the nearest multiple of £5.

The STF and payment for the necessary duty must be sent to Birmingham Stamp Office within 30 days of the date on which it becomes effective. This is normally the date on the document. A penalty is payable if the document is sent after this 30-day period. Interest will also be charged on any duty which is not paid within the 30-day time-limit.

The transferee is responsible for sending the STF (stamped, or not stamped if it is not required by law) and the share certificate to the company. The directors must approve the transfer, arrange for the name of the transferee to be entered into the register of members and arrange for a new share certificate to be issued. The company (director or company secretary) should notify Companies House about the changes when the next Annual Return is due. There is no fee payable to Companies House.

Transfer of bearer shares

'Share warrants to bearer' may be transferred by simply handing the bearer shares to the new owner of the shares. There is, therefore, no need to execute a Stock Transfer Form or other such document to effect a transfer of the beneficial interest in the shares. It follows that there is no document of transfer which can be stamped when bearer shares are delivered to the new owner.