

International Services

update



International payroll – some considerations

Many foreign businesses are choosing to expand into the UK, and following a strategic decision to enter the UK market, the next step will inevitably be the selection of personnel. Often, international employers opt to send a core group of foreign employees to head up the new operation, and to recruit and work alongside new recruits until the business is more firmly established. This makes perfect business sense but it is not without its issues.

Initially, foreign employees who are working in the UK may remain on their home country payroll, but employers should be aware there are UK payroll tax obligations for these foreign employees, potentially from the day they first arrive in the UK. Employers may also have to pay National Insurance Contributions (NIC), the UK's social tax. Many employers will have already taken advice on tax-efficient structuring of assignment packages when the move to the UK is being considered, but the trade-off for any tax and NIC savings is that these remuneration packages can become extremely complex to administer on a day-to-day basis.

As the business grows and recruits UK staff, UK payroll taxes will need to be operated for these UK employees as well. Managing all these issues can cause a headache for the business and one practical solution is to outsource this function to a payroll specialist. The knowledge and experience of an international payroll specialist, who is familiar with both the tax treatment of the various aspects of the remuneration package and the reporting requirements of HM Revenue & Customs, is invaluable in ensuring your business remains compliant.

Therefore, it is extremely important to choose a payroll provider who can handle international payroll issues with confidence, especially when considering the social and cultural differences and different remuneration packages which may be in place across the globe.



Finally, consideration should be given to how the UK results will be translated.

Does the head office want separate reports for the UK, or a global style of reports that cover the headcount costs worldwide, split out by region as required? It is important that your payroll provider understands and can assist you with your reporting requirements.

JC Payroll Services Ltd, James Cowper's dedicated payroll bureau, looks after nearly 50 global corporate clients, both as the direct supplier and as the UK partner of a large US bureau. Managed BACS transfers are valued at over £40million per annum.

Our payroll bureau is fully supported by our expatriate tax team, and we are able to advise on all aspects of expatriate payroll and taxation including:-

- Comprehensive payroll service for expatriate employees
- Tax and NIC planning, and structuring of assignment packages
- Application of payroll taxes and any modified agreements with the UK tax authority as appropriate
- Advice on tax equalisation policies and the implications for your foreign employees
- Ensuring ongoing compliance for both the individual (tax returns) and the employer (end of year tax filings are still required)
- Calculating and budgeting for assignment related costs including tax costs
- Tax planning to mitigate tax liabilities relating to bonuses, stock options and pensions
- Advice on national insurance and social security issues

For further information contact either Lucy Bryant from James Cowper or Nick Butler from JC Payroll Services on +44 (0)1635 35255 or lbryant@jamescowper.co.uk or nick.butler@jcpayroll.co.uk

More generous tax relief for businesses

In response to the credit crisis, the UK Treasury have announced measures to enable UK companies making losses to get more tax back. The proposed revision will apply for one year and will extend the period that current trading losses from businesses can be carried back against previous profits, from the current one year entitlement to a period of three years. The amount of losses that can be carried back to the preceding year remains unlimited. After carry back to the preceding year, a maximum of £50,000 of the balance of unused losses is then available for carry back to the earlier years.

New reforms for UK corporate tax of foreign profits

Currently UK companies pay tax on overseas dividends and receive credit for overseas tax paid. The central measure within the foreign profits reform package is an exemption from all tax for all dividends received by large and medium groups.

The new proposals are generally thought to further the UK's international competitiveness, despite a corresponding tightening up of the Controlled Foreign Company Rules and Thin Capitalisation Policy.

The changes are expected to be introduced from 1 April 2009.

For further information contact Sharon Bedford on +44 (0)1865 200500 or sbedford@jamescowper.co.uk

International services



James Cowper's inward investment group has a long history of providing expertise to over 100 foreign subsidiaries and an ever increasing number of UK businesses with overseas interests.

However, we identified the need to rebrand the name of the group to more accurately reflect the type of services we provide, so from now on we will be known as international services.

James Cowper's specialist international services team has extensive experience in helping businesses from a wide range of

sectors in an international context including;

- new entrants to UK market
- companies already established in the UK
- exporters
- establishing overseas operations

Exploring a new business territory can be challenging; full of opportunity but also risk. James Cowper can offer informed advice to UK businesses expanding into Europe or beyond, as well as giving invaluable support to those wishing to move into the UK marketplace from abroad. Our expertise in international taxation and business strategy continues to open up a wealth of new possibilities for a diverse range of clients.

international services update

The members of our international services team have previous experience working with Big Four and other top tier firms and in commerce with international groups. Many have also completed secondments outside the UK.

James Cowper is also registered with PCAOB (Public Company Accounting Oversight Board) in the United States. Authorisation from PCAOB is now a legal requirement for any firm of auditors who want to work with UK subsidiaries of listed US based companies.

For more information please contact Sharon Bedford on +44 (0)1865 200500 or sbedford@jamescowper.co.uk

Ten reasons to do business in the UK



1 The UK is one of the easiest places to setup and run a business – the World Bank found that the time taken to set up a business in the UK was less than half the European average. It ranks the UK first in Europe and sixth in the world in which to operate a business.

2 One of the most flexible labour markets in Europe – many businesses have relocated to the UK from other European countries for this reason.

3 An internationally competitive tax environment – the top rate of corporate tax in the UK is 28%, one of the lowest tax rates in the G7 and amongst the UK's core competitors. Individual tax rates are also one of the lowest in the EU.

4 Top location for European headquarters – more overseas companies set up their headquarters in the UK than anywhere else. This in turn attracts more companies.

5 Geographical location and transport links – the UK's location makes it conveniently located for mainland Europe as well as North America. The UK has excellent transport links with all major industrialised countries.

6 Technology and innovation – the UK is one of the most productive places for technology firms in the world. It has been ranked only second to the USA for the quality of its research base.

7 A stable political environment – the country has a consultative approach to the making of laws so there are less surprises for businesses.

8 Communication – because UK businesses operate in English they have a natural advantage when communicating globally. The UK also has one of the most extensive broadband networks among G7 countries and one of the strongest ICT structures in the world.

9 Standard of living – UK residents enjoy a high standard of living, education and leisure. There is also a reasonable work life balance, which means that residents have time to enjoy the many leisure opportunities.

10 Olympic Games – London will be hosting the 2012 Olympic Games. Contracts will be available for companies of all sizes and the total budget will run into billions.

For further information contact Alex Peal on +44 (0)118 959 0261 or apeal@jamescowper.co.uk

Kreston International

Kreston International is amongst the largest accounting and business advisory associations in the world with over 700 offices, representation in over 100 countries and a team of over 20,000 people to help support businesses across the globe. The association is continuously growing as a result of both new members and organic growth of existing member firms. Member revenue grew by a healthy 22% in 2008 to approximately USD 2 billion, following a 30% growth in the previous year. 2008 saw expansion in existing countries, together with new additions such as Costa Rica and Kazakhstan.

James Cowper clients have benefited from our membership to Kreston International, as it has enabled them to find high quality advisors around the globe to help support their expansion plans. Whilst recent worldwide economic troubles have caused problems for many businesses, the need for integrated international support remains high and will continue to do so in the future.

James Cowper partners and directors are heavily involved with Kreston, attending conferences and liaising with colleagues overseas to develop links which will benefit clients in the future. Tax is invariably an important topic for businesses operating internationally and Sharon Bedford is a key contributor to the international tax group within Kreston.

For further information visit www.kreston.com

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