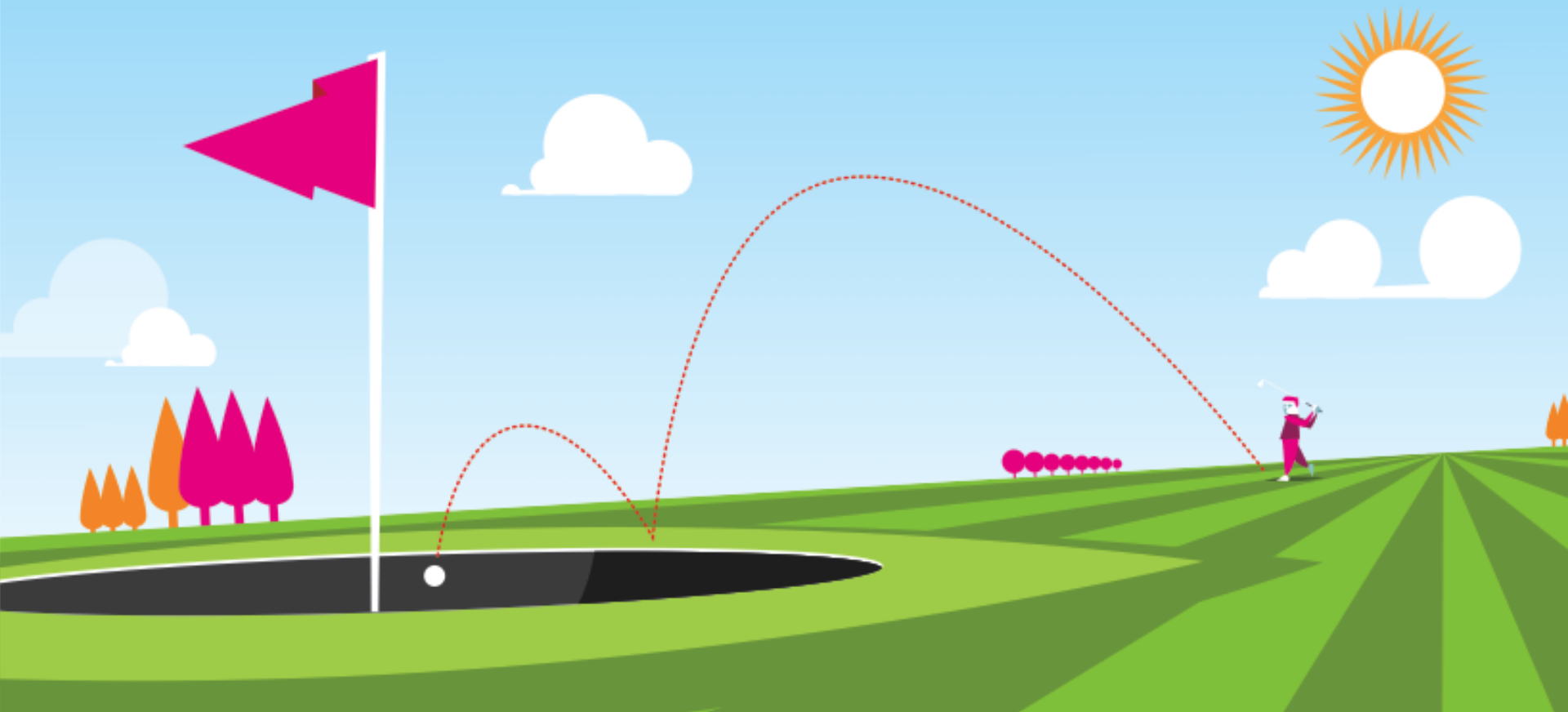


Welcome



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an unfair advantage**



Expanding into the US Market The UK Considerations

May 2011

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Scope

- Expanding overseas – the choices
- Commercial and taxation issues
- Choosing the best operational structure for you
- Minimising overall taxes on your overseas operations
- Repatriation of overseas profits
- Summary of key tax issues/planning opportunities
- About HURST and IGAF Polaris

Expanding overseas – the choices

	Local direct tax?
• Selling “to” vs selling “in”	X
• Export only	X
• Local representative office	X
• Selling through an independent local agent	X/✓
• Selling through a local branch or office	✓
• Selling through a subsidiary*	✓
• Joint Ventures	✓

*Note: An extra company will create an extra associated company for UK small companies rate of Corporation Tax

Commercial and taxation issues (1)

Commercial

- Local customer attitudes
- Risks
- Limitation of liability
- Use local professional advisers
- UK vs local law for contracts
- Local representative
- Local compliance (see later)
- Employment laws

Commercial and taxation issues (2)

Taxation

- Are you liable to local taxes?
- Relative local tax rates to UK rates
- Withholding taxes
- Profit shifting to minimise overall taxes
- Double tax relief (see later)
- Getting your profit back to UK
- Tax filing

Choosing the best operational structure for you (I)

Commercial considerations

- What will you actually be doing locally?
- What are your future expectation levels?
- Compliance costs
- Attitude to risk
- Who do you need/want locally?

Choosing the best operational structure for you (2)

Taxation

- Can you avoid local taxation?
- How can you minimise overall taxation?
- How should the overseas structure best fit what you have back home in the UK?
- Tax Residence Issues

Note: No 'best for everyone' solutions

Minimising overall taxes on your overseas operations (1)

Choosing the right entity

Profit shifting strategies - provide different effects

- Pricing
- Debt funding vs share capital
- Dividend payments
- Royalties
- Remuneration

Transfer Pricing

- UK opportunities
- Corresponding US rules
- Supporting documentation

Minimising overall taxes on your overseas operations (2)

Subsidiary vs branch

Double tax relief

- Treaties
- Unilateral relief

Repatriation of overseas profits

Local restrictions

Withholding taxes

- On royalties
- On interest
- On dividends

Double tax relief

- Interaction with UK taxes – planning
- With other reliefs

Maximising credit relief

- UK corporate shareholder
- UK individual shareholders

Key tax issues - Summary

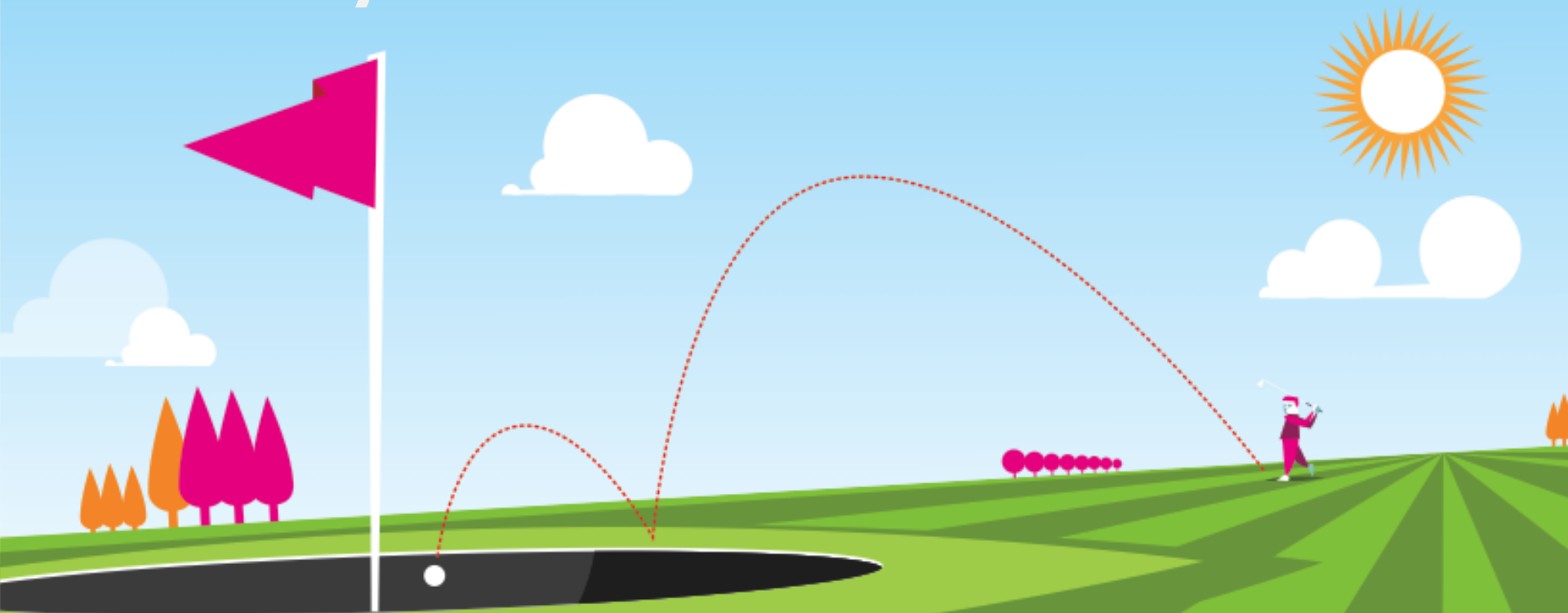
- Branch vs subsidiaries/company
- Transfer pricing planning
- Minimising tax on repatriation
- Sending employees to work overseas
- Losses in early years
 - Branch
 - US subsidiary as UK tax resident
- VAT and Customs duties planning
- Careful ongoing monitoring – Remember things change

About HURST and IGAF Polaris

- Who we are
- What we do
- Where you can find us



Thank you



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HURST
ACCOUNTANTS
THE EDGE