

Assisting Businesses Moving to the UK – UK Resident Directors and Bank Accounts

Assisting overseas companies incorporating a business in the UK – UK resident directors, tax residency, and bank accounts

By **Paul Webb**, 5th September 2022

Background

We, at Dixcart in the UK, are asked several times a week if we provide UK resident directors, in order that a UK company owned and sometimes controlled from overseas, can open a UK bank account.

The position is not so simple. Before a UK bank will open a bank account for a UK company that is owned from abroad, there are many compliance and commercial hoops to jump through. Appointing a UK resident director will not magic these away.

Bank Accounts

Banks will not be willing to open accounts where they do not see the opportunity to make a profit. If the proposed account will receive a dividend once or twice a year which is then paid on, leaving only enough to pay the costs of the company, the banks will conclude that the compliance cost of opening such an account will far exceed the money that can be made by providing that banking service. It is just common sense.

Incorporation of a UK Company Run from Outside the UK

Many overseas companies who want to 'dip their toe' into the UK market will often want to incorporate a UK company but run it from outside of the UK. They then find it difficult or impossible to open a UK bank account with the end result that we receive several

requests every week to act as a director of a UK company owned from outside of the UK.

The First Year of Operation

In the first year the costs would be higher because you would also have set up fees including; company formation, VAT registration, ICO registration and dealing with commercial contracts and shareholders agreements. The time spent dealing with the potential bank is also likely to be significant, without the guarantee of successfully opening an account.

What are the Banks Looking For?

The banks will typically want to see a business plan that clearly sets out the business opportunity and has budgets and cash flows. They will expect to know who the likely customers and suppliers will be and the size and frequency of deals. They often want to meet the people behind the business and understand how their business is to be done and be confident that there are sufficient human resources to run the business from the UK. Clients are more likely to be successful if they try and open the account with a UK correspondent of the home country bankers.

There are some industries and geographic locations that most banks just will not do business with. Any structure that looks like its prime purpose is tax planning, they will not be keen on either.

Tax Residency Needs to be Considered

The question of tax can be problematic, where the company is in effect being run from outside the UK, as it is likely to mean that, even if you have UK resident directors, the company may be tax resident in the jurisdiction of the individuals managing the day-to-day activity of the company.

UK companies are tax resident in the UK by virtue of the place of their incorporation. The exception to the rule is where a double tax treaty deems them to be resident in another country. This would typically happen where there is a tie breaker clause in the double tax treaty with the UK, and management and control are not in the UK.

Re-domiciliation of Companies to the UK

The UK is keen to attract genuine businesses to the UK. As well as attracting new businesses the UK is interested in attracting existing businesses to move to the UK. The UK has recently carried out consultation on the introduction of legislation to permit the re-domiciliation of foreign companies into the UK.

Normally when an overseas business wants to set up in the UK, they will want to send people from their own organisation to get things going. There are various visas that can be applied for, and the UK company will need to apply for a sponsor licence. Our Dixcart immigration lawyers can assist with advice regarding visas and guide you through the application process.

What can Dixcart do to Help?

For genuine businesses, with a well thought out business proposal Dixcart can definitely be of help.

We are a team of Accountants, Lawyers, Taxation, and Immigration advisors who work together to assist new businesses successfully establish themselves in UK. We also operate a [business centre](#) with high quality fully furnished offices of varying sizes.

If you wish to discuss setting up a business in the UK, please contact the Dixcart office in the UK: advice.uk@dixcart.com.