

UK subsidiary setup is a long process that involves time, money, and thousands of emails. You can either set up a subsidiary in the UK or work with a [UK PEO](#) such as Globalization Partners to make your workload easier.

Before you commit to working alone, you need to understand the processes and laws associated with setting up a UK subsidiary.

How to Set up a UK Subsidiary

Correctly setting up a UK subsidiary involves a thorough legal process. Start by deciding on an official name if your UK entity will have a different title from your main office. You also need to find a registered office address, statement of capital, and more. From there, you need to verify your Standard Industrial Classification of Economic Activities (SIC) that helps identify exactly what your business does. You will also be required to create a PSC register containing details for the Person's of Significant Control who are shareholders and maintain this on an annual basis.

Next, you need to register for a VAT which is mandatory if your taxable goods and services from the last year were over 85,000 pounds. You also need to register for Pay As You Earn (PAYE) tax in the UK — which contributes to national insurance (social security) — through Her Majesty's Revenue and Customs (HMRC). Finally, you need to find an employer's liability insurance plan at a minimum of 5,000,000 GBP.

UK Subsidiary Laws

UK subsidiary laws will govern your entity in the United Kingdom. These laws require you to take money out of your employees' paychecks for the PAYE tax and National Insurance Contributions. You also need to pay corporate taxes on your UK profits. Depending on the size of your company, you may need to make quarterly payments instead of annual ones.

Additional laws relate to [employment](#), [compensation](#), and [benefits](#). During the UK subsidiary setup stage, it's essential to ensure you hire talented candidates while offering generous

benefits and salary.

In the UK, you legally need to draft an employment contract that you give to employees within two months of their start date. This contract helps ensure you stay compliant with UK subsidiary laws, and you can spell out what benefits employees will receive.

Benefits of Setting up a UK Subsidiary

The most significant benefit of setting up a UK subsidiary is that you can grow your company beyond your home base. It also helps you avoid liability.

In any subsidiary situation, the parent company typically has control over an entity location's behavior — which means any compensation issues or litigation will go to the parent company and not to the subsidiary. Although it diminishes your liability, setting up a UK subsidiary gives you a greater degree of independence. Subsidiaries can develop their own culture, brand, and management systems that fit the country's culture.

Other Important Considerations

To start the UK subsidiary setup, you need to invest a significant amount of time and money. The process of meeting each UK subsidiary law can take months. When you opt for a UK subsidiary outsourcing service, you save both time and money.

A UK PEO such as Globalization Partners will simplify the entire process for you, and you can begin operations before you're officially a subsidiary. We hire employees in the UK on your behalf. Although we hire them, they work for you, which allows you to retain a reliable workforce without going through the UK subsidiary setup process. Working with a UK PEO not only saves you money in the beginning but can also prevent any costly fines or shutdowns if you're found to be non-compliant.

Let Globalization Partners Help With Your Expansion

There's no need to stress about how to set up a UK subsidiary. We can get your company running while you go through the process, or you can opt to work with us indefinitely instead of creating a UK subsidiary. [Contact us](#) today to learn more about our team and how we can help you expand your borders.