

**LAWRENCE
GRANT.**

CHARTERED ACCOUNTANTS

UK Holding Companies



The Formation Process

- Simple!!
- Cheap!!

The Formation Process

Issued Share Capital

- Can be any currency
- Minimum is 1 share of £1/€1, etc

The Formation Process

Directors

- No requirement re residence/nationality

Time to Form

- Once due diligence completed, same day!

Specific Holding Company Advantages

- Nil or reduced withholding tax on dividends paid to UK due to extensive UK double taxation treaty network and EU directive
- Dividends received by UK companies are generally tax-free, irrespective of where the dividends come from

Specific Holding Company Advantages

- No withholding tax on dividends paid to anywhere in the world, even to a trust, tax haven holding company or foundation/anstalt
- On sale of the subsidiary, there will be no UK Capital Gains Tax if;
 - The holding in the subsidiary is at least 10%, and
 - The shares in the subsidiary have been held for at least 12 months in the 2 years prior to sale, and
 - The holding company is a trading company, or part of a trading group

Specific Holding Company Advantages

The UK has significant fiscal responsibility amongst most nations' tax authorities and is not perceived to have the “smell” of a tax planning device

Use Of UK Holding Companies

Subsidiary company (say in Romania)

	£
Profit before Tax	500,000
Tax (say at 16%)	<u>(80,000)</u>
Profit after Tax	420,000
Less: Withholding Tax on Dividend to UK Holding Company	NIL
Net Dividend to UK Holding Company	<u>420,000</u>

Use of UK Holding Companies

UK Holding Company	£
Dividend received from Romanian Subsidiary	420,000
Running Costs – UK Holding Company, say	<u>(5,000)</u>
	415,000
UK Corporation Tax	<u>NIL</u>
Profit after Tax	415,000
Less: Withholding Tax	<u>NIL</u>
Dividend paid to parent	<u>415,000</u>

