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A Guide to Doing Business in United Kingdom

mgiworldwide

2026

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Introduction

Setting up business in a new country can sometimes be a complex process, but with the right advice and support, it can also be a powerful growth opportunity.

This guide has been prepared by MGI Worldwide's expert member firms in the UK & Ireland to help businesses and entrepreneurs navigate the key considerations when entering the UK market.

We understand the importance of local knowledge combined with global reach. With deep roots in their communities and extensive international expertise, our member firms are uniquely placed to support you in establishing and growing your business in the UK.

Why the UK?

The UK continues to be one of the world's leading business destinations. Despite recent changes in its trading relationships following its departure from the EU, the UK remains an attractive base for international companies:

- A home market of over 67 million consumers
- A multicultural and diverse society
- A central time zone, bridging business hours between the Americas and Asia
- Strong infrastructure and excellent global transport and communications links
- A government actively pursuing new trade deals and investment partnerships worldwide

In many locations across the UK, incentives and government support schemes are available to encourage foreign businesses to establish a local presence.

Outside of business, the UK has some of the world's most stunning landscapes and a rich cultural history that blends tradition with the experiences of people from around the world. Highly ranked for its security and quality of life, it is a prime location for the creation of new businesses.

How MGI Worldwide can help

MGI Worldwide is one of the world's leading networks of independent accounting, audit, tax, legal and consulting firms. Our UK member firms combine local expertise with unique international perspectives to help you:

- Select the most appropriate business structure
- Register your business and fulfil statutory obligations
- Manage tax registrations and compliance
- Establish banking, payroll and accounting systems
- Support human resources and employment needs
- Optimise your tax position, both in the UK and globally
- Access sector-specific incentives and government support schemes

Our teams ensure your back-office operations are set up efficiently so your leadership team can focus on running and growing your business.



Start your UK business journey

While this guide offers a useful starting point, every business has unique requirements. A conversation with one of our local experts will provide tailored advice and a clearer path forward.

Contact your local MGI Worldwide firm today to discuss your UK business plans.

Together, we can help you turn your UK ambitions into reality.

Choosing the right trading structure

Selecting the correct trading structure is a critical first step when entering the UK market. Your choice will impact tax obligations, liability exposure, compliance and public reporting requirements.

Our member firms in the UK have guided countless international businesses through this process. Helping them establish the structure that best fits their operational and strategic goals.



Key considerations

While setting up in the UK is straightforward, each trading structure brings its own tax and regulatory considerations.

It is important to evaluate your long-term plans, appetite for liability and the degree of permanence you wish to project in the UK market. The main trading structures in the UK include:

Private Company Limited by Shares (Limited Company)

A Limited Company is the most common and flexible trading entity in the UK, offering limited liability for its shareholders and straightforward incorporation.

Key features:

- Separate legal entity
- Requires at least one shareholder and one director (a natural person)
- Can be wholly owned by an overseas parent
- Requires a registered UK office (MGI member firms can provide this)
- Easy to incorporate, usually within 48 hours
- Annual accounts must be filed and are publicly available

Certain companies may also be required to submit regular statutory audited and/or consolidated accounts. Details of the current thresholds can be found in [Appendix 1](#).

Public Limited Company (PLC)

A PLC offers the same limited liability protections as a Limited Company but is structured for larger businesses that may wish to raise capital publicly.

Key features:

- Minimum share capital of £50,000
- Mandatory annual audit
- Public filing of accounts within six months of the year-end for Companies House
- Additional public filing of accounts for the London Stock Exchange within four months of year end for main market listed entities or within six months of year-end for AIM listed entities
- Greater compliance and governance responsibilities

A PLC may be appropriate for larger businesses or those that want to establish greater credibility in the market.



UK Establishment (Branch)

A UK Establishment (commonly referred to as a branch) is an extension of the overseas parent company.

Unlike a Limited Company or PLC, it is not a separate legal entity, meaning all contracts and liabilities are the responsibility of the overseas business.

Key features:

- Requires a UK trading address
- Subject to UK law and taxes
- Typically takes up to three weeks to set up
- Simpler to close than a company
- Requires the parent company's accounts to be filed annually in English at Companies House
- Less suited to businesses concerned about public disclosure of financial information
- Often perceived as less permanent by third parties, compared to a Limited Company

Limited Liability Partnership (LLP)

An LLP blends the flexibility of a partnership with the limited liability protections of a company. It is popular among professional services firms and joint ventures.

Key features:

- **Tax-transparent:** profits are taxed in the hands of the members, not the entity
- Separate legal entity, protecting the members' personal liability

- **Requires annual accounts and potential audits**, subject to the same thresholds as Limited Companies
- **Flexible governance structure**

LLPs are often selected for collaborative ventures, where profit-sharing arrangements are key.

Which structure is right for you?

Many overseas businesses find that a Limited Company offers the most convenient and flexible option for establishing a UK presence.

It requires no local shareholders or special consents, providing clarity for stakeholders and simplicity for compliance.

However, each business is different. MGI Worldwide member firms provide tailored advice, helping you weigh the pros and cons of each structure in the context of your global strategy.

Ready to get started in the UK?

Setting up your UK business does not have to be complicated. Our members can help you make informed decisions, navigate regulatory requirements and set up your UK operations quickly and efficiently.

Establishing your new entity in the UK

Once you have chosen the right trading structure for your UK operations, the next step is to formally establish your business.

Our member firms can guide you through the process from start to finish, ensuring your company is registered correctly and compliant with UK legal requirements.

The entity that has the most specific requirements for establishment, and by far the most common structure, is a Limited Company.

Below, we outline just some of the steps you need to take:

Choosing a company name

The first step is selecting a name for your new company. This name must be unique and meet the requirements set by Companies House, the UK's official company registrar.

The name cannot be too similar to that of an existing UK company and must avoid restricted words or misleading references.

Our team can help you search for and reserve your preferred company name, ensuring it aligns with your branding while meeting regulatory standards.

Meeting legal requirements

To form your UK entity as a Limited Company, you must register with Companies House, providing key details such as:

- The company's registered office address, which must be located in the UK (MGI Worldwide member firms can provide a registered address if required)
- Details of the company directors and, if applicable, a company secretary

- The allocation of shares, setting out the company's ownership structure

Incorporation is typically straightforward and can often be completed within 48 hours.

Further details of the Companies House requirements can also be found in [Appendix 2](#).

Obligations of your directors

If you are appointed as a director of a UK company, it is important to understand your legal duties under the Companies Act 2006, which sets out the responsibilities for company directors. These include:

- Acting in the best interests of the company and its stakeholders
- Ensuring accurate financial reporting.
- Maintaining company records and filing annual accounts and confirmation statements with Companies House
- Ensuring compliance with tax and employment laws

Directors who fail to meet their obligations may face penalties, so it is important to stay informed and compliant.

We have outlined more details of Limited Company obligations in [Appendix 1](#).

Setting up a business in a new country can be complex, but with MGI Worldwide member firms by your side, you will have local expertise and global insight guiding you every step of the way.

From company formation to ongoing compliance, we help ensure your UK business is built on strong foundations.



Often overlooked steps to doing business in the UK

Before launching operations, it is important to take a well-rounded approach to preparing your business.

Beyond setting up your legal structure, several practical matters will help ensure a smooth transition into the UK market – many of which are overlooked by new entrants to the UK market.

Customs and international trade

If your business involves importing or exporting goods, understanding the UK's customs regulations and duties is essential.

Following the UK's departure from the EU, there are now distinct customs procedures for goods moving between the UK and the EU, as well as other global markets.

If your business trades in excise goods, such as alcohol, tobacco, or fuel, additional excise duty rules apply. Compliance with these regulations is crucial to avoid penalties.

Grants and funding

The UK government and regional development agencies regularly offer grants and financial incentives to encourage business growth, innovation and regional investment.

Depending on your sector and location, your business may be eligible for:

- 1 Innovation grants
- 2 Regional growth funds
- 3 Export support schemes

Working with a partner to identify relevant opportunities and prepare strong applications could be critical to your early success.

Protecting your intellectual property

To safeguard your brand, products, or inventions, consider registering the following in the UK:

Trademarks – for brand names and logos

Patents – for new inventions

Design rights – for creative works and software

Employee relocation

If relocating key staff from overseas to manage your UK operations, careful planning is required. Considerations include:

- UK tax residence status and potential tax exposures
- Structuring a competitive reward package, including salary, benefits, and relocation allowances
- Assistance with visa and immigration requirements
- Housing and settling-in support for relocating families

Our teams can work closely with specialist relocation providers to make international moves seamless for your team members.

Opening a business bank account

Establishing a UK business bank account is necessary for managing finances and receiving payments. We can help you navigate the application process, which often requires proof of UK operations and identification of directors.

Arranging business insurance

Ensure you have the right business insurance in place. This may include:

- Professional indemnity insurance – Covering professional services
- Public liability insurance – Protecting against third-party claims
- Employers' liability insurance – A legal requirement for UK employers

Acquiring premises

Whether leasing, renting, or purchasing commercial property, we can assist with the acquisition process, including finding agents and working closed with lawyers who can advise on this.

Securing licences and regulatory compliance

Certain industries in the UK require specific licences or registrations, such as financial services, food production, or healthcare. We can guide you through these requirements or introduce you to specialist advisers where needed.

Helping you make the move

With so many areas to consider, having the right guidance makes all the difference.

MGI Worldwide member firms provide a single point of contact to help you address each of these considerations, liaising with trusted local partners where needed.



The UK tax regime

Once your business is established in the UK, understanding and complying with the local tax regime becomes essential.

MGI Worldwide member firms in the UK provide practical, hands-on support to ensure your registrations, filings and payments are completed accurately and efficiently, allowing you to focus on running your business.

Corporation Tax

All limited companies trading in the UK are liable to pay Corporation Tax, whether they are incorporated locally or operating through a UK branch.

Tax registration is completed online through HMRC, and companies are required to submit details, such as their directors, parent company (if applicable), trading activity and chosen accounting period.

Since 1 April 2023, Corporation Tax rates have been structured to reflect the scale of your profits:

- Profits of £250,000 or more are taxed at the main rate of 25%
- Smaller companies with profits of £50,000 or less benefit from a Small Profits Rate of 19%
- For companies whose profits fall between these thresholds, a tapered rate applies

Companies can offset losses against past or future profits, and flexibility in selecting the accounting year-end allows alignment with an overseas parent company if desired.

Corporation Tax returns are due within 12 months of the year-end, and payments are due within nine months, or quarterly for large businesses.

It is possible to change the accounting period of a UK subsidiary to that of its overseas parent. Corporation Tax returns must be prepared each year and must be filed online.

A copy of the company accounts must be filed online with the Corporation Tax return (CT600).

For a UK establishment, both the accounts for itself and its overseas parent should be filed with its Corporation Tax return.

Capital allowances, R&D tax relief and Patent Box

The UK offers a range of corporate tax incentives designed to support business investment, innovation and the commercialisation of intellectual property.

These incentives can significantly reduce your tax liabilities and improve cash flow, making them essential considerations for growing businesses.

Capital allowances enable businesses to offset the cost of capital expenditure against their taxable profits. The key allowances include:

- **Annual Investment Allowance (AIA):** Provides 100% tax relief on qualifying capital expenditure, such as plant, machinery and equipment, up to a set annual limit
- **Writing Down Allowances (WDA):** For expenditure exceeding the AIA limit or for assets that do not qualify for AIA, businesses can claim relief over several years
- **Full expensing:** Introduced for certain qualifying assets, this allows companies to claim 100% capital allowances in the year of purchase, encouraging investment in plant and machinery

Capital allowances are available across a wide range of sectors and can play a key role in reducing taxable profits in the early years of an investment project.

The UK's Research and Development (R&D) tax relief regime supports companies that invest in developing new products, processes or services, or enhancing existing ones.

R&D tax relief can be a valuable source of funding for businesses investing in technology, life sciences, engineering, software and other innovation-led sectors.

However, the rules surrounding the scheme can be complex, so it is best to seek advice to ensure your projects are eligible.

Meanwhile, the Patent Box regime allows companies to apply a reduced corporation tax rate on profits earned from patented inventions and certain other forms of intellectual property. Key features include:

- Qualifying companies can benefit from a lower tax rate on profits attributable to patents they own or have an exclusive licence to use
- The relief applies to worldwide profits from qualifying IP, including product sales, licensing revenues, and royalties

Businesses with patented innovations should consider how the Patent Box can complement their wider IP and tax strategies.

Taxation of LLPs

Limited Liability Partnerships (LLPs) are treated differently. They are transparent for tax purposes, meaning the partnership itself does not pay Corporation Tax.

Instead, an LLP Partnership Tax return is required to be filed with HMRC within 12 months of its year-end.

The Partnership Tax return will show how profits are split between its members. Each member is then required to account for the tax that is calculated on their share of the profit. This will be dependent on where the member is resident.

Employment Tax – Pay As You Earn (PAYE)

Any UK business employing staff must register for Pay As You Earn (PAYE), the system through which HMRC collects Income Tax and National Insurance Contributions (NICs) from employee wages. Employers are also liable for additional NICs on top of their employees' contributions.

PAYE must be reported and paid monthly. Delays or inaccuracies may result in interest charges and penalties. Since the introduction of Real Time Information (RTI), payroll processing has become more complex, with every payment to staff reported immediately to HMRC.

Employers are also legally required to automatically enrol eligible employees into a workplace pension.

Value Added Tax (VAT)

VAT applies to the vast majority of goods and services sold in the UK. Businesses must register for VAT once their taxable turnover exceeds £90,000 annually.

Some transactions, such as exports or certain food products, may be zero-rated or exempt, which affects how the VAT registration threshold is calculated.

Once registered, a business must charge VAT on its sales and can recover VAT paid on business expenses. VAT returns are typically filed quarterly, summarising both sales VAT and purchase VAT. The net amount is either paid to or reclaimed from HMRC.

In some cases, VAT reporting becomes more complex:

- Reverse charge VAT applies to services purchased from suppliers outside the UK, meaning your business accounts for the VAT instead of the supplier
- Special VAT reverse charge rules also apply in the construction industry when subcontractors supply services to VAT-registered contractors

See more details on VAT in the UK in [Appendix 3](#).

Since 2022, all VAT-registered businesses are required to use Making Tax Digital (MTD) compatible software to maintain digital records and file returns.

MGI Worldwide firms can assist with your VAT registration, ongoing compliance, and adopting the right software solutions.

Inheritance Tax (IHT)

Although not a business tax, Inheritance Tax (IHT) is an important consideration for business owners with assets in the UK.

The standard IHT rate is 40% on the estates of UK residents, after deducting the standard £325,000 nil-rate band.

Entrepreneurs benefit from reliefs designed to encourage business investment. A 100% exemption, known as Business Property Relief (BPR), is available on all qualifying business assets

However, from April 2026, a new £1 million threshold will be introduced and all assets above this will only benefit from a 50% relief, resulting in an effective 20% tax charge on the remaining value.

The rules for non-doms in the UK have also changed and transitioned to a new residence-based test, which is complex and is best discussed with an experienced tax adviser.

Supporting your tax compliance and planning journey

The UK tax system is sophisticated but manageable with the right advice. Our member firms provide full support for:

- Business tax registrations
- Corporation Tax, VAT, and PAYE compliance
- Payroll and pension administration
- Partnership tax reporting
- Global tax planning for cross-border groups and entrepreneurs

Wherever your business is on its journey, we help your organisation stay compliant and tax-efficient.

Employment matters and personal taxation

When operating a business in the UK, understanding your obligations as an employer is essential.

UK employment laws apply equally to all workers—regardless of their nationality or the location of their employer.

Compliance not only protects employees but also shields your business from costly legal disputes.

MGI Worldwide member firms regularly work alongside specialist human resource consultants to help businesses establish sound employment policies, draft compliant employment contracts, and implement office procedures covering everything from holidays to dismissals.

We have put together an overview of some of the key employment considerations for businesses looking to do business in the UK.

The UK employment framework is designed to protect workers' rights while supporting a competitive labour market. As an employer, you will need to comply with several key rules:

National Minimum and Living Wage

UK law requires all employers to pay workers at least the statutory National Minimum Wage (NMW) or National Living Wage (NLW) – the latter of which applies to all employees aged 21 and over.

The current minimum wage rates can be found in [Appendix 4](#).

These rates are typically updated annually, and so it is important to ensure you continue to meet these rates if you employ workers in the UK.



Working hours

UK employees work some of the longest hours in Europe. The Working Time Regulations provide basic protections.

The standard limit is a 48-hour working week, although workers may opt out of this limit voluntarily.

Holiday entitlement

All workers are entitled to a minimum of 28 days paid annual leave, which typically includes eight UK public holidays.

Many businesses offer more generous leave packages, ranging from four to six weeks.

Fringe benefits and share options

Fringe benefits such as company cars, accommodation, and private healthcare are common in the UK and may be taxable.

However, approved share option schemes can offer significant tax advantages, helping employers to attract and retain top talent through equity-based rewards.

Our member firms help design tax-efficient remuneration packages and ensure compliance with reporting obligations.



Personal taxation

Individuals working in the UK are liable to UK tax on their earnings, and potentially on their worldwide income and gains, depending on their residence and domicile status.

Income Tax

If you work in the UK, you will pay income tax on your earnings above your personal tax-free allowance. For the 2025/26 tax year, the standard personal allowance is £12,570. This means the first £12,570 of your income is tax-free.

However, higher earners face a gradual reduction of this allowance:

- If your income exceeds £100,000, your personal allowance reduces by £1 for every £2 earned over this amount
- Once your income reaches £125,000 or more, your personal allowance is fully withdrawn, meaning all of your income is taxable

Income tax rates are tiered, meaning your income is taxed at progressively higher rates as it increases. The current income tax rates can be found in [Appendix 5](#).

Tax on dividends

If you own shares in your business and receive dividends, these are taxed separately from your salary.

If your total income is below the personal allowance, dividends may be tax-free. In addition, a dividend allowance of £500 provides a tax-free amount each year, beyond which dividend income is taxed at rates specific to dividend earnings, which can be found in [Appendix 6](#).

Relief for trading losses

If you are self-employed or running a business, you can report trading losses through your annual self-assessment tax return. These losses can be offset against other income or carried forward to reduce your tax bill in future years.

Capital Gains Tax

Capital Gains Tax (CGT) applies to the profit (or gain) made when you sell or dispose of certain assets in the UK. This includes property, shares, and business assets.

CGT is charged on the difference between the asset's purchase price and its sale price, after deducting any allowable costs and reliefs.

Here are some key points on CGT for businesses and investors:

- **Applicable assets:** CGT applies to the sale of business shares, land and property (excluding your main home in most cases), and intellectual property, among other assets
- **Rates:** For individuals, rates vary depending on your total taxable income, with higher rates applied to residential property gains. Companies pay Corporation Tax on chargeable gains, not CGT
- **Allowances and reliefs:** Individuals benefit from an annual CGT allowance, meaning gains below this threshold are tax-free. Various reliefs, such as Business Asset Disposal Relief (formerly Entrepreneurs' Relief), may reduce the effective tax rate on the sale of qualifying business assets

Careful planning of asset disposals can help manage tax liabilities. Structuring shareholdings, timing disposals, and considering available reliefs are all important steps in optimising your CGT position.



Tax reliefs for overseas employees

UK law recognises that many international businesses second staff into the UK on temporary assignments. Special concessions apply:

- Employees seconded to the UK for up to two years may receive tax-free benefits such as accommodation and travel
- Longer-term assignments may also qualify for partial tax relief on travel expenses

These reliefs help employers manage the cost of international mobility programmes.

Social Security (National Insurance Contributions)

Employees and employers contribute to National Insurance (NI), which funds access to key state benefits, including:

- The National Health Service (NHS) (covering GP visits, hospitals, and some dental care)
- Statutory sick pay, maternity pay, and unemployment benefits

For employees seconded from overseas, reciprocal social security agreements with many countries may exempt them from UK NI, provided they continue to pay equivalent contributions in their home country.

Employers pay a separate rate on top of this, which varies depending on the business and employee type.

To support businesses, an employment allowance of £10,500 is available. This is an amount employers can claim back from their NI bill.

The current rates of NI can be found in [Appendix 7](#).

How MGI Worldwide can help you

MGI Worldwide member firms offer practical advice and hands-on support to help your business:

- Manage payroll and pension auto-enrolment
- Structure tax-efficient remuneration and share incentive schemes
- Guide international staff through UK residency, tax, and social security rules
- Assist individuals in claiming non-domicile status and maximising tax reliefs

Our member firms to ensure your UK business and your international employees are fully compliant, protected and optimised for tax efficiency.

Partner with MGI Worldwide: Local knowledge, Global reach

We believe that business success is built on trusted relationships, expert advice and local knowledge backed by international reach.

As one of the world's leading networks of independent audit, tax, accounting, legal and consulting firms, we work alongside businesses just like yours to help them thrive in new markets.

Why work with MGI Worldwide?

- Independent, locally respected firms deeply rooted in their markets and communities
- Seamless international collaboration, giving you the confidence to expand globally with ease
- Practical, hands-on support from advisors who understand your business
- A commitment to personal service and long-term relationships, not just transactions
- Access to over 220 member firms in almost 100 countries, providing global insights with local expertise

Whether you are setting up a UK subsidiary, navigating cross-border tax, or looking for a trusted partner to manage your growth, MGI Worldwide is here to help.

Let us talk about how we can help you achieve success in the UK and beyond.

Contact your local MGI Worldwide member firm

Explore how our network of independent advisors can help you build a successful UK business from the ground up.

Find your local MGI member firm, please visit
www.mgiworld.com/member-directory.html

Appendices

Appendix 1 – Audit and consolidated accounts thresholds

Statutory audits are required for worldwide groups exceeding two of the following:

- £15 million in revenue
- £7.5 million in gross assets
- 50 employees

If your UK company owns one or more subsidiary, including overseas ones, you may need to file consolidated accounts once the combined group size reaches the small companies' audit limit above.

There are limited exemptions, such as if the UK parent is itself owned by another company or is classed as an investment entity.

Appendix 2 – Information to be filed at Companies House for Limited Companies (both Private and PLC)

A Limited Company comes into existence when it is registered at Companies House. Limited companies must file certain documents when they are first setup and on an ongoing (normally annual) basis.

Starting a new company

To set up a Limited Company, it is necessary to send the following documents to Companies House:

- **A Memorandum of Association**
- **Articles of Association:** Describing how the company will be run, the rights and obligations of the shareholders and the powers of the company's directors
- **Form IN01 (Application to register a company):** Giving details of the company's registered office, the names and addresses of its directors and company secretary and of the initial shareholders, and of Persons with Significant Control (PSC) and issued share capital.

Accounts and returns

- Companies are also required to file copies of their financial statements annually at Companies House
- Companies are required to submit details of directors, persons of significant control and shareholders annually to Companies House in their confirmation statement
- Companies are required to inform Companies House when there are changes to the accounting reference date

Change of company secretary or directors

It is necessary to notify Companies House within 14 days of the appointment, change of details, resignation or retirement of a director or company secretary.

Other changes

It will also be necessary to notify Companies House of:

- A change in the registered name or office address
- Certain changes to shareholdings and the company's share structure, including the company's PSCs
- The grant of a mortgage or charge over an asset

Closure of a Limited Company

If a Limited Company is to be closed, this is quite straight-forward if it has not traded for three months or more.

Please contact MGI about the most efficient way of closing a Limited Company as there are often tax implications that may need to be considered.

Information to be filed at Companies House for a Limited Liability Partnership (LLP)

The requirements are very similar to those of a Limited Company. To set up an LLP, the following are required to be sent to Companies House:

- Form LLIN01: Registration form, including details of the members, persons of significant control and Registered Office
- Registration fee of £50 (done by software or online) or £71 (done on paper)

Other documents and changes need to be filed with Companies House in the same way as a Limited Company.

An LLP does not have directors or a company secretary, but changes to its members need to be notified to Companies House.

Information to be filed at Companies House for a UK Establishment

Within one month of forming a UK Establishment, it is necessary to send the following to Companies House:

- Form OSIN01: Registration form
- A certified copy of the overseas company's constitutional documents, including the charter, statute and operating agreement (with a certified translation into English if necessary)
- A copy of the latest set of the overseas company accounts, required to be prepared by parent law (with a certified translation into English if necessary).
- The registration fee

Appendix 3 – VAT rules

The current VAT rates for the 2025/26 tax year, are as follows:

Rates of VAT	
Standard rate	20%
Reduced rate (including fuel and power)	5%
VAT as a fraction of gross price	1/6
Annual Turnover Limits	
Registration	£90,000
Deregistration	£88,000

Taxable supplies are mainly either standard rate, reduced rate or zero rate. Certain supplies are not taxable, and these are known as exempt supplies. There is an important distinction between exempt and zero-rated supplies.

- If your business is making only exempt supplies, you cannot register for VAT and cannot therefore recover any input tax

- If your business is making zero-rated supplies, you can register for VAT as your supplies are taxable and recovery of input tax is allowed.

Zero-rated supplies

A zero-rated supply is taxable, but at a rate of 0%. Such supplies include:

- Food
- Construction of new buildings
- Transport
- International services
- Drugs
- Charities
- Clothing
- Footwear
- Printed publications
- Music

Exempt supplies

No VAT is chargeable on an exempt supply, but directly attributable input tax cannot be reclaimed.

Exempt supplies include:

- Land
- Insurance
- Betting, gaming and lotteries
- Finance
- Education
- Health and welfare



Appendix 4 – National Living and Minimum Wage

These rates apply to different age groups outlined below:

- 21 and over (National Living Wage) – £12.21
- 18 – 20 – £10.00
- Under 18* – £7.55
- Apprentice rate* – £7.55

**Applies to apprentices under 19, or over the age of 19 for the first year of apprenticeship*

Please be aware that the NMW and NLW rate are regularly subject to change.

Appendix 5 – Income Tax

The current income tax rates for the 2025/26 tax year are as follows:

Band	Taxable income	Tax rate
Personal Allowance	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	Over £125,140	45%

Appendix 6 – Dividend Tax Rates

The current dividend tax rates for the tax year 2025/26 are as follows:

Basic rate	8.75%
Higher rate	33.75%
Additional rate	39.35%

Appendix 7 – National Insurance Rates

The current weekly employee National Insurance rates on salary for the tax year 2025/26 are as follows:

- On the first £242 – Nil
- On income between £242 and £967 – 8%
- On amounts above £967 – 2%

The current weekly employer National Insurance rates on salary for the tax year 2025/26 are as follows:

- On the first £96 – Nil
- On amounts above £96 – 15%



MGI Worldwide is in every continent and just about every key economic centre in the world. However complex a client requirement or remote the location, someone in the MGI Worldwide network will have the expertise to help.

How can I help?

For questions or queries Get in touch.

	Scholes Chartered Accountant enquiries@scholesca.co.uk scholesca.co.uk
	Rickard Luckin Limited enquiries@rickardluckin.co.uk rickardluckin.co.uk
	Milsted Langdon LLP advice@milstedlangdon.co.uk milstedlangdon.co.uk
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MGI Worldwide is a leading international network and association of over 8,800 audit, accounting, tax and consulting professionals in some 440 locations around the world.

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