

CHECKLIST FOR NEW ARRIVALS IN THE UK

To establish a business in a foreign country is never easy and local rules and conditions will inevitably affect any well thought through business plan. Ideally, these aspects should all have been foreseen and already incorporated in the plan before arrival.

Below is a checklist for exporters and new arrivals in the UK. It is important to remember that this checklist does not cover all aspects that may arise when establishing a business in the UK. It is essential to seek professional advice and support.

Market research

- Are products or services similar to ours already available on the market?
- Who are the main potential competitors and which are their profiles?
- Which distribution channels are normally involved and what are their demands for margins and support?
- What standards and regulations govern the market in question?
- Do we need to be licensed in the UK to conduct our business?
- Have we considered the European Union rules in relation to our planned activities?

Marketing tactics, generally

- Which market segments should we concentrate on?
- Which products or services should we deliver to these segments and which product modifications do we have to carry out to suit the market need?
- Which commercial pricing policies should we apply? Is our policy consistent with current transfer pricing rules?
- How should we distribute the products? Direct to end-users? Via distributor? Via an agent? Via own subsidiary? Via a branch office?
- Which publicity will be needed?
- Which service does the market require?
- Should we have our business plan reviewed by local advisors?
- Have we adapted our website?

Trading conditions

- Do we have right order/invoicing procedures and documentation?
- Do our trading conditions or our customers' trading conditions apply?
- Do we have any security for payment or can we obtain a guarantee?
- Have we retained title or goods until payment and, if so, what security does this give us?

Intellectual property rights

- Does our business have distinguishable sign, which may be registered as a trademark?
- Does our business logo infringe existing UK logos?
- Does our business hold any inventions, which should be protected by a patent?
- Does our business hold any copyright protected works, which should be acknowledged?
- Does our business have any industrial designs that should be protected?
- Should we register our rights before or after we begin marketing?
- Have we reviewed our right to our web domain?
- Have we considered registering our name at Companies House?

Finance

- Do we have satisfactory cash or bank support?
- Should we borrow in the home country or in the UK?
- Is factoring appropriate?
- What regional grants or other support may be available in the UK or in the EU?
- Can we obtain venture capital in the UK?
- Do we have the right wholesale and retail banking support?

Value added tax (VAT)

- Do we need to register for VAT?
- Do we need a company for it or will a branch or other representative do?

Direct sales to end-users

- Should we employ a sales person in the UK?
- What are the home country and/or UK tax and social cost positions if we do?
- What form of contract should we have with our sales person?
- In which currency should our sales person be paid?
- Should our UK sales person receive a salary or a commission?
- Can we terminate the contract with the UK sales person and what are the consequences if we do?
- Does English or other law apply to contracts of employment or contracts of sale with our customers?
- What is our product liability vis-à-vis our customers?
- How do we deal with after sales maintenance and warranty problems?

Sales via an agent

- How do we select an agent?
- Does the agent carry any competing products?
- Do we grant our agent a sole agency?
- What sort of contract should we have with our agent?
- If we pay our agent commission, how is this calculated?
- When is commission payable to our agent: on order, on invoice or when we get paid?
- How can we terminate an agency agreement and what are the consequences?
- What is the law governing our contract with an agent?

Sales via a distributor

- How do we select a distributor?
- Does the distributor carry any competing lines?
- Should the distributor have exclusive rights?
- What are the terms and the conditions of our sales to our distributor?
- How do we terminate the distributorship agreement and what are the consequences?

- What law applies in respect of individual sales to our distributor and to the distributorship agreement?
- Have we considered payment and credit questions?
- Should we supply the distributor with consignment stock?
- Have we fully considered all questions concerning minimum quantities, stock levels, servicing, spares, liabilities and warranties?

Sales via an own subsidiary

- Have we made financing arrangements?
- Where do we want our operating profit – in the home country or in the UK?
- Should our UK subsidiary be a sales representative, agent or distributor for the parent company?
- Should we use people from the home country in the organisation?

Sales via a branch office

- When do we have to register?
- What are the registration formalities?
- Is a branch office more appropriate than a subsidiary?

Premises

- Are we allowed to run the UK business from a private address in the UK?
- Can we share an office and warehouse accommodations?
- Do we take a lease or do we buy office accommodation?
- How do we acquire and finance the acquisition of premises?

Taxation

- Have we considered the tax implication of trading in the UK, and have we chosen the best method to produce the right result for us?
- What is the tax situation of a sole proprietor or an employee in the UK?
- How does the Double Tax Treaty between my country and the UK deal with the question of royalties, interest payments, trading profits, dividends and other forms of income?

Professional Services

- Have we marketing advisers, accountants, lawyers and other consultants?
- Should our advisers have English and/or home country qualifications and experience?

Insurance

- Commercial risks covered?
- Employer/employee risk covered?
- Private medical insurance cover?

Social Security and family matters?

- Have we considered the availability of social security benefits in the UK and/or in my country?
- Have we considered the implications that a transfer to the UK will have on family and inheritance issues?
- What pension provision should we have?

Enlink thanks McGuireWoods LLP for providing this list.