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Finance and Payments

OVERVIEW

Banking in the UK is regulated by the Bank of England, and London is recognised as a world-leading financial centre. This is due in part to the fact that nearly all the world's banks have branches or subsidiaries in London.

Current UK Tax Year: 6th of April 2014 to 5th of April 2015

Currency Exchange Controls: No

Environment Regarding Commissions and Other Un-Official Payments:

These types of payment are extremely rare in the UK. Any payments that need to be made will be easy to determine through official channels like HM Revenue and Customs and other Government bodies.

PAYMENTS AND PAYMENT METHODS

Number of Credit Cards Issued	58 million
Preferred Online Payment Method	Credit card
Preferred Mobile Payment Method	Credit card

When trading in a different territory, it's important to ensure that your customers are able to pay using the method they would with a local retailer or supplier. UK online shoppers prefer to pay by credit card (40%) or debit card (35%), whilst 21% use PayPal, and just 4% pay by some other method. This adopted payment model ensures that British consumers are well protected, which helps boost their confidence to shop cross-border.



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TAXATION, TARIFFS, AND FINANCIAL POLICY

The following table depicts annual rates of tax from the 1st of April 2014. It should be noted that these are subject to change, and it is recommended that you seek advice on any rates or tariffs that might apply to you and your business.

Tax	Notable Reliefs/ Exemptions	Lower Band	Mid Band	Top Band	Standard Rate	Reduced Rate
Purchase Tax/VAT	See below description	N/A	N/A	N/A	20%	5%
Corporation Tax Rate	N/A	20% on annual taxable profits that are not more than £300,000. There is an additional 21.25% marginal rate on annual taxable profits falling between £300,000 and £1.5 million		Main rate: 21% is charged if annual taxable profits are £1.5 million and above	N/A	N/A
Income Tax	First £10,000 earned is tax free	£10,000- £31,865, a basic rate of 20%	£31,866- £150,000 a higher rate of 40%	Over £150,000, an additional rate of 45%	N/A	N/A
Capital Gains Tax for the Individual	Annual exemption of £11,000, and entrepreneur's relief. Some assets are also exempt, such as cars and personal possessions disposed of for £6,000 or less.	Entrepreneur's relief allows for 10% tax to be paid on certain business assets up to £10 million of lifetime gains.	>£11,000, any gains that fall within any unused basic rate band are charged at 18%	Any gains that fall within the higher rate band are charged at 28%	N/A	N/A

National Insurance

In the UK, national insurance contributions entitle the individual to certain state benefits. All UK employees pay national insurance contributions on all earnings between £7,956 and £41,865 at 12% of the total earnings. The first £7,955 is exempt from national insurance contributions. Any earnings in excess of £41,865 are taxed at 2%.

All UK employers pay national insurance contributions at 13.8% on all employee earnings over £7,956.

With regard to social security contributions, the position of an individual or a company coming to the UK from abroad can be complex and professional advice should be sought.

Corporation Tax

If your company is resident in the UK or you have a branch or permanent establishment within the territory, it is very likely that you will be liable to pay UK corporation tax on company profits. Your company will be considered 'resident' if your organisation's central management and control takes place within UK borders. Importantly, however, profits made from overseas branches of the organisation resident in the UK will be exempt from the tax.

Personal Tax Rates

As indicated in the table above, those individuals domiciled and resident in the UK will also pay tax on their worldwide capital gains and income. If you are not resident in the UK, however, you may also be liable to UK taxes on certain income and gains acquired in the UK, such as UK property income, certain lifetime asset transfers and inheritance.

Customs and Excise Duties

If goods are imported into the UK from outside the EU, various import duties may become due based on factors such as the tariff classification, customs value and the origin of the goods. VAT will become due upon importation from non-EU countries and certain EU 'special territories' when these goods are to be declared for use within the UK. As a general rule, the UK follows EU customs procedures.

The UK Customs/VAT Warehousing Procedure allows the storage of goods without such goods being subject to import duties – in such cases, neither VAT nor customs duties are due.

VAT:

VAT is a tax on consumption that must be charged by a taxable entity, and is levied on most goods and services provided by registered businesses in the UK and some goods and services imported into the UK from outside the EU. All VAT registered businesses are obliged to charge VAT on the full sale price of the goods or services that they provide, unless exempt or otherwise deemed outside the scope of VAT. The standard rate of VAT is charged at 20%, but specific goods and services will be zero-rated such as bread, exempt such as insurance, or subject to a reduced rate such as gas.

If you are a business that supplies taxable goods and services in the UK and your annual taxable turnover exceeds the stated threshold - £81,000 from 1 April 2014 – you must register for VAT. Smaller businesses can also voluntarily register for VAT. A taxable person established outside the UK but within an EU Member State can either register directly for VAT or register through the appointment of a tax representative. Whether registration is required will depend on the type of goods being imported, the value of those goods, and the recipient. Subject to certain exceptions, non-EU taxable persons who import goods into the UK in their own names must register for VAT purposes and can appoint fiscal representatives.

Importantly, from the 1st of December 2012, this registration threshold of £81,000 no longer applies to businesses or individuals who do not live in the UK or whose places of business are not in the UK. In such cases, registration will be required if any supplies are imported into the UK.

With a few exceptions, supplying services to businesses in other EU countries or to businesses/individuals outside the EU will not render you liable to UK VAT. Importantly, when services are received in the UK from businesses in other territories, the receiving party in most circumstances will have to account for the VAT himself. This is known as the 'reverse charge' mechanism.