Country Guide
United Kingdom

Prepared by

Burness Paull LLP

LexMundi
Bringing the best together®

lexmundi.com

2025/2026

Doing Business in the United Kingdom

CONTENTS

Why the UK?

TheUnited Kingdom isoneof the leading business locations in the world and is home to London, one of the world’s premier financial centres. As Europe’s second most attractive destination for new foreign direct investment (FDI) projects after France, the UK offers a rich and diverse market that attracts many international businesses.

In 2024 the UK recorded 853 FDI projects. Scotland performed particularly well – placing sixth in the best-performing investment regions in Europe, with US-based companies being the key investor in the majority of projects. Despite global headwinds, Scotland and the UK market continued to appeal as a top-tier investment destination.

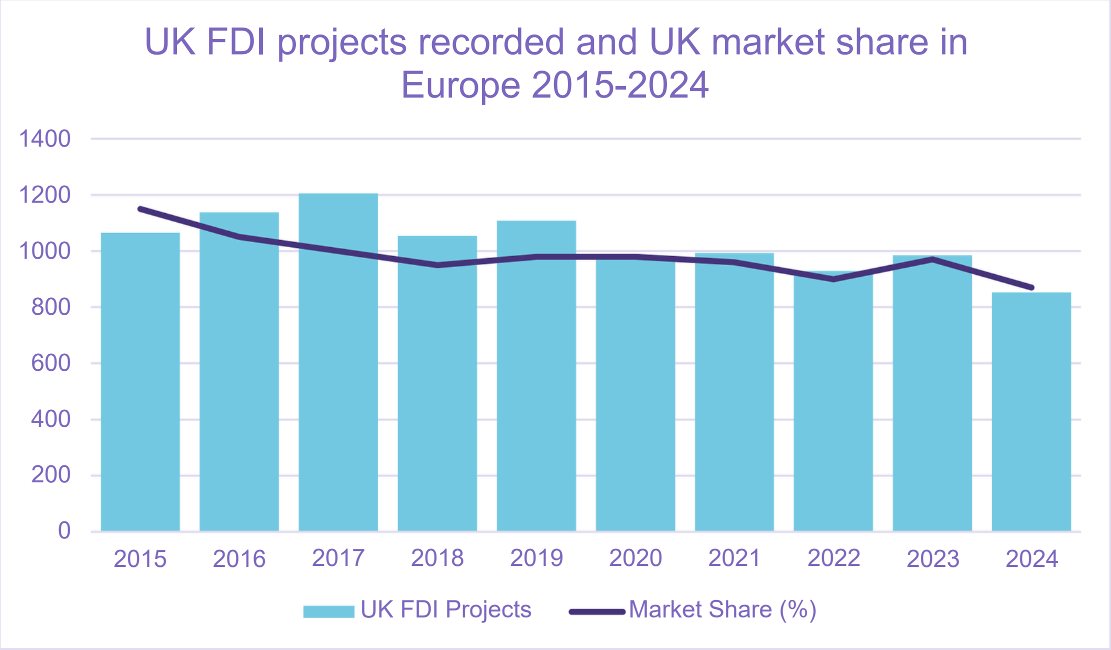
A major benefit of the UK market is that companies can be established within 24 hours, and it is easy to see why so many choose to locate here. With extensive travel links, including the largest ports industry and air transport system in Europe, the UK offers proximity and easy access to customers, suppliers and partners.

The UK has a single, transparent corporation tax rate of 25% for all resident companies with profits of £250,000 or more. In Scotland, a small profit rate of 19% applies to businesses with profits of £50,000 or less. The 19% rate also applies to overseas companies with a UK branch. This is the lowest rate in the G7.

As well as providing customs and tax benefits, the UK government offers planning, infrastructure, and innovation assistance through freeports. Twelve UK freeports have been established in key strategic areas:

- Eight freeports in England (East Midlands, East Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Thames, and Teesside).
- Two green freeports in Scotland (Forth and Inverness) promoting decarbonisation and driving Scotland to its net zero transition.
- Two freeports in Wales (Port of Holyhead and Port Talbot).

In 2024, Greater London recorded 265 FDI projects, making it the top location out of 259 regions in Europe. Scotland was positioned sixth with 135 projects. Despite the overall drop in software and IT investments, this sector still dominated the market. The second-largest area of investment was transportation manufacturers and suppliers, which also includes automotive and aerospace projects. Business and professional services was also an area of focus, with 74 projects noted across the UK.



Source: EY European Investment Monitor (EIM), 2015-24

While London continues to attract the largest share of the UK's FDI, there are many other cities around the UK which serve as excellent bases for setting up a business including Manchester, Birmingham, Glasgow and Edinburgh.

It is important to note that the UK is comprised of different legal jurisdictions and although there are many similarities, there are different legal and regulatory compliance requirements across Scotland, England, Wales and Northern Ireland. This guide looks at the UK as a whole while noting some important legal differentiations between England and Scotland.

This guide is aimed at businesses who are looking to expand or invest into the UK. At Burness Paull, we are passionate about supporting businesses as they establish and grow. While this guide does not constitute legal advice, it provides a high-level overview of key requirements for entering the UK market. We recognise that every business faces different challenges and complexities, and our approachable team is here to support you through each step of the process.

Foreign investment policy & regulation

Historically, the UK hasrecognised foreign investment as one of the key factors in economic growth and the creation of wealth. The regulatory system in the UK is transparent, making it straightforward for companies to do business.

The Companies Act 2006 is the key statute to which all types of companies must adhere, regardless of whether they are registered in Scotland, Northern Ireland, or England and Wales, and is a comprehensive code on company law in the UK.

Another piece of legislation to note is the Enterprise Act 2002 which gives the Department of Business, Energy and Industrial Strategy the power to investigate mergers in certain circumstances. In limited situations, the government is granted the power to intervene.

Until recently foreign investment in the UK (and therefore in Scotland) has not generally been restricted or governed by any particular regulatory framework, although some sectors (such as the financial services industry and utilities) have been regulated to some extent. Importantly, towards the end of 2020, the National Security and Investment Bill (“NSI Bill”) was published, introducing a new regulatory framework for investment into the UK. However, some sectors (such as advanced materials, advanced robotics, artificial intelligence, civil nuclear, communications, computing hardware, critical suppliers to government, cryptographic authentication, data infrastructure, defence, energy, military and dual-use items, quantum technologies, satellite and space technologies, suppliers to the emergency services, synthetic biology, and transport) are subject to mandatory pre-screening under the National Security and Investment Act (NSIA). Investment in the aforementioned sectors will be screened for national security risks under NISA, which has been in force since 4 January 2022. Government officials have stressed that despite its broad scope, most acquisitions won't raise national security concerns, and NISA cannot be used for economic or political purposes. The new regulations are aimed at the smooth operation of markets and, above all, the protection of customers.

The UK is the European leader for inward investment, with both the UK and Scottish governments playing an active role in attracting foreign investment. Despite the wide provisions of the NSI Bill it is expected that this will continue. Scotland in particular works hard to cultivate a supportive business environment and organisations such as Scottish Development International, which has a network of offices in 20 countries across the world, are on hand to offer assistance to those looking to establish and grow their business in or from Scotland.

Structuring your business

When making a businesscommitment toexpand to theUK, one of the first issues to be discussed should be how to appropriately structure your business from a commercial, corporate and tax perspective.

There are various ways in which investors may choose to enter the market in the UK, for example:

- **Trading through a UK incorporated entity.**
- **Establishing a UK branch.**
- **Acquiring an existing business in the UK.**
- **Entering into a joint venture or partnership with another business.**
- **Using a distributor or agent.**
- **Running your business from another jurisdiction and selling into the UK**.

Incorporating a UK entity

When deciding which business vehicle is the most appropriate UK entity, it is important to consider factors such as the sector and the product or service being supplied. However, in most cases a UK-registered entity will be the most favourable in terms of managing international tax issues and can be set up in as little as 24 hours.

In the UK, there are a number of different types of entities, including: a private limited company, a public limited company, a limited liability partnership, a limited partnership and a Scottish limited partnership. We will focus our commentary on the private limited company as this is the most common.

Private Limited Company

Private companies limited by shares (Limited, Ltd or ltd) are by far the most common form of registered entity in the UK, benefiting from the limited liability of its shareholders and separate legal personality. It is common to see private limited companies used as a wholly owned subsidiary of an overseas parent. A UK company can be beneficial in terms of demonstrating commitment to the UK and therefore providing additional credibility to third parties looking to trade or do business.

Incorporating a private limited company can be done in as little as a day. It must, as a minimum, have at least one director and at least one shareholder. The shareholders are the ultimate owners of the company but the directors, or board members, manage the company on behalf of its shareholders.

Although the company must have a registered office in the UK and retain its statutory records at its registered office, there is no requirement for either the shareholders or directors to be UK residents or for board meetings to be held in the UK.

A UK private limited company must also have a constitution in the form of articles of association which govern how the company should be operated and places restrictions on what it can and cannot do. Modification to the articles of association can only be made by shareholders passing a special resolution (which requires at least 75% of shareholders to vote in its favour).

A private limited company cannot offer shares to the public or trade its shares on a public market such as the London Stock Exchange. If a private limited company wishes to raise capital, it can do so by issuing more shares "off market" (subject to the provisions in the articles of association) or increase its gearing by taking out a loan. Alternatively, it can convert itself into a public limited company.

Public Limited Company

A public limited company (PLC, Plc or plc) requires a minimum authorised share capital of £50,000, at least one shareholder, at least two directors and a company secretary and may offer its shares to the public. However, such entities are subject to strict regulation and scrutiny. This guide does not address the intricacies of setting up a PLC but please contact us if you are interested in this type of entity.

Limited Liability Partnership

Limited liability partnerships (LLPs) also have separate legal existence from their partners (referred to as members) and afford the partners flexibility in how to manage their business affairs. LLPs are tax transparent, meaning that each partner is responsible for their own tax, and are popular with professional services firms. LLPs require the involvement of two or more partners.

Limited Partnership

In the UK, limited partnerships (LPs) are often used for private equity and property investment fund structures. LPs can be formed under the laws of England and Wales or under Scots law.

Both English and Scottish LPs must have at least one general partner and at least one limited partner. The general partner is liable for the debts and obligations of the partnership. The liability of limited partners is limited to the amount of capital they contribute. However, a limited partner is not allowed to take part in the management of the business of the LP if it is to receive the benefits of limited liability. Both English and Scottish LPs are tax transparent. LPs in some circumstances are not required to disclose details of their accounts.

The main difference between Scottish limited partnerships and English limited partnerships is that unlike English LPs, Scottish LPs (SLPs) have separate legal personality. This means an SLP can hold assets (including land), enter into contracts, borrow money and grant security in its own name and, most importantly, can be a partner in other LPs. Because of this, SLPs are frequently used in layered structures and are ideal as fund of funds, carried interest, co-invest or feeder/blocker vehicles.

Both an English LP and an SLP may be designated as a private fund limited partnership (PFLP). This type of vehicle, is aimed specifically at the needs of private investment funds, including private equity and venture capital funds. PFLPs benefit from a more flexible capital structure, streamlined registration requirements and a “white list” of activities a limited partner can undertake without jeopardising its limited liability.

Bank Accounts

Bank accounts for UK entities can be set up relatively quickly, although this is dependent on the overall structure of the business. Unlike some other European jurisdictions, there is no need to establish a bank account before incorporating your UK entity.

Company filing requirements

Forcompaniesto remain compliantwith the Companies Act,thereare certain documents which must be lodged at Companies House, which is a UK-wide company register accessible by the public

DOCUMENT	DESCRIPTION	FILING REQUIREMENT
Confirmation Statement	This is a statutory statement by the Company that the information held by Companies House relating to the share capital, registered office, registered email and People with Significant Control are up to date and accurate. Any changes in the shareholder position are notified on this form, and from 18 November 2025, confirmation that the directors' and PSC's identities have been verified will be required. Confirmation that the future activities of the company are lawful is a recently introduced requirement for confirmation statements.	At least once annually
Accounts	Details of the Company's performance during the previous financial year which, dependent on the size of the Company, must include a profit and loss account, a balance sheet, notes to the accounts, a director's report and, for larger companies, an auditor's report.	Annually
People with Significant Control (PSC)	Details of any PSC must be notified to Companies House on the incorporation of a Company. A person or entity is defined as having "significant control" where they hold, directly or indirectly, more than 25% of the shares in the capital of the Company, and/or more than 25% of the voting rights of the Company, and/or the ability to appoint or remove a majority of those who manage the Company. They may also qualify as a PSC if they have the right to exercise significant influence or control over the decision-making activities of the Company. The Company, as well as every officer of the Company, is liable if the PSC register is not kept or maintained. From 18 November 2025, the obligation for a company to maintain its own PSC register will be abolished. All relevant information relating to a PSC will be held on the public register at Companies House.	Annually and upon any change of PSC

Changes to the Board	Any appointment or resignation of a director from the Company's board must be notified to Companies House, as well as any appointment or resignation of a named company secretary. From 18 November 2025, in the case of appointments, the notice must confirm that the director has had their identity verified and that the director is not disqualified.	Within 14 days of the appointment or resignation
Change of registered address	You must tell Companies House if you want to change a company's registered address, as the change will not take effect until Companies House have registered it.	Upon the change of address
Change of registered email address	You must tell Companies House if you want to change a company's registered email address, as the change will not take effect until Companies House have registered it.	Upon the change of email address

Changes affecting UK-registered entities

The Economic Crime and Corporate Transparency Act 2023 (ECCTA) makes significant changes to UK law and is designed to tackle economic crime and increase transparency across UK-registered entities.

ECCTA expands the role of Companies House, introduces identity verification, and changes the filing requirements for LPs. The Act is coming into force in stages and while some of the provisions are now in force, others are expected to come into force during 2025/2026. In relation to identity verification, from 18 November 2025 certain individuals will need to formally verify their identity with Companies House.

WHO MUST VERIFY?

From 18 November 2025, mandatory identity verification begins for any individual who is:

- a director of a company registered in the UK (England and Wales, Scotland, or Northern Ireland).
- a member of a UK limited liability partnership (LLP).
- a Person with Significant Control (PSC) of a UK company or LLP.

It is also expected that mandatory identity verification for a director of an overseas company with a registered UK establishment will begin from 18 November 2025.

HOW TO VERIFY?

There are three ways to verify your identity:

- online via GOV.UK One Login.
- at a UK Post Office.
- via an Authorised Corporate Service Provider (ACSP).

Once an individual's identity is verified, a unique verification code will be issued to the individual. This code will be essential for various Companies House filings, including a company's first confirmation statement after 18 November 2025, registering a new company and registering a PSC.

WHAT ARE THE TIMINGS?

Since April 2025, individuals have been able to voluntarily verify their identity at Companies House.

From 18 November 2025, when the new identity verification requirements come into force, all newly appointed individual directors, members of LLPs, directors of overseas companies with a UK establishment and PSCs will require to complete identity verification. A 12-month transition period starts for existing directors, members of LLPs, directors of overseas companies with a UK establishment and PSCs.

OTHER KEY CHANGES

ECCTA also introduces changes applicable to those filing documents at Companies House. By Spring 2026, those filing documents on their own behalf or on behalf of others will require to complete the identity verification process. For example, a director filing on behalf of a company will require to be ID verified. In addition, third party agents, for example, law and accountancy firms, filing documents on behalf of others will require to be registered as an Authorised Corporate Service Provider (ACSP).

ECCTA also introduced the failure to prevent fraud offence (see Bribery and Corporate Crime).

Funding your business

Restricted cash flow isoftenthe primary barrierto business growth. Any growth strategy therefore is likely to need funding. Generally, the laws governing the lending and recovery of money and the taking and enforcement of security across the UK are considered conducive to facilitate an expansion or acquisition strategy assisted by debt funding.

Types of Lender

There are a number of lenders currently operating within the UK offering a variety of lending products. These range from banks to a plethora of non-bank lenders. Banks tend to offer cheaper pricing but are usually less risk adverse and can be more inflexible in relation to terms and structuring than non-bank lenders. Non-bank lenders obtain their cash from several sources (private equity, institutional cash, peer-to-peer lenders) and are not subject to certain regulatory capital and liquidity requirements which are imposed on UK banks. For this reason, their facilities can be more expensive than those offered by banks, however they can offer more flexibility, longer terms and slightly looser covenants and usually require less equity contribution. They can also provide mezzanine finance or serve as a bridge to obtaining more traditional, cheaper sources of funding.

Types of Debt Product

The array of products offered by lenders operating in the UK is diverse. Most bank lenders will offer the full range from the more traditional term and revolving facilities for funding real estate, corporate and leverage opportunities to renewables, invoice and asset finance, and leasing and hire purchase. Banks are most likely to be able to provide clearing and operational banking facilities such as BACs, credit cards and overdrafts. Non-bank lenders tend to specialise in one or two asset classes such as real estate or leverage financing and many are particularly interested in lending against distressed assets where it can be demonstrated that a credible business plan can be implemented to increase value.

Choosing a Lender/Debt Product

When considering which lender and product is most appropriate for your business it is important to: (a) consider all relevant attributes and determine which are the most important to you; and (b) do your research. The level of margin and up-front fees are often the deciding factor when picking a lender, however it is wise to consider matters such as certainty and speed of execution as well as length of term and extent of commitment. Many lenders will only offer three-year facilities. Some lenders will offer more leverage than others. Often refinancing and equity costs are not taken into account when determining overall cost funding. Sometimes lower cost facilities will be on demand which removes certainty.

Good rapport is fundamental in creating long-term robust lending arrangements. Talking to peers and professional advisers can provide an insight into the culture and approach of different lenders, particularly in distressed situations where collaboration becomes crucial.

Finally, consider what additional advantages can be gained from entering into borrowing arrangements with a particular lender. Identifying and maintaining strong local partnerships and developing good business networks are imperative when entering a new market. Many lenders can assist with sourcing these via worldwide portals, networks and relationships that customers can access. Lenders with international networks can help amalgamate international banking operations.

Debt Documentation

The type of documentation used to provide finance in the UK will vary depending on the type of debt product and the level of finance required. For real estate, corporate and leveraged loans, if a large facility is required the documentation will be based substantially on that produced by the Loan Market Association ("LMA"). If a mid- sized facility is required, many lenders have produced abbreviated versions of the LMA's documents, which are often in bilateral form. For smaller facilities, most lenders will have simpler template debt documents that do not allow for much negotiation. Documentation for invoice, leasing and asset finance tends to be template in nature and again does not allow for much negotiation.

Because the law relating to commercial contracts is largely the same, the debt documentation used for lending will be substantially the same regardless of where you intend to borrow within the UK. Often in UK deals, English law will govern a loan agreement regardless of where the assets that are to be secured are located.

Security Documentation

The type of security documentation used in the UK will depend on the collateral available and intended to be secured, and whether such collateral is located or otherwise governed by the laws of England and Wales or Scotland. In England and Wales, the laws relating to insolvency and taking and enforcing security are the same. In Scotland certain distinctions in such laws require different documentation to be entered into and specific processes to be followed.

Across the UK there are two types of security which can be granted over an asset. The first is fixed security (or fixed charge in England and Wales) which affords the holder priority in respect of any proceeds of enforcement of the secured asset. The second is floating security which can only be granted by a corporate entity (being a company or a limited liability partnership) and which offers the holder priority over the proceeds of enforcement of the secured assets subject to leakages to appointed insolvency practitioners and certain types of other creditors. The most common form of security granted by a corporate entity is a floating security which extends over all of its assets. This type of security can afford the holder with a quicker and cheaper route to enforce its security.

In England and Wales, whilst there are separate security documents available which create individual securities where the grantor is an English or Welsh incorporated corporate entity, it is common for a single security document called a debenture to be entered into which contains fixed and floating charges over all or a of number the assets owned by the grantor. A floating security contained in a debenture can extend to

assets located in or otherwise governed by the laws of Scotland. Where the corporate entity is incorporated in Scotland, however, it is typical for that entity to grant a Scots law governed floating charge.

In Scotland, fixed security can be granted over (a) land and buildings; (b) receivables; (c) contractual rights; (d) physical property; (e) shares and financial instruments; and (f) intellectual property. A separate security document called a standard security must be entered into to create fixed security over land and buildings. Other fixed securities and a floating charge can either be documented in separate security documents or in a single security document (often called a security agreement). Security agreements have become more common since the Moveable Transactions (Scotland) Act 2023 (which made significant changes to fixed security in Scotland) came into force on 1 April 2025.

Regardless of where they are situated within the UK it is necessary to register fixed security over certain classes of assets and certain types of fixed security in special registers, to create or validate such security. Where the granter is a corporate entity incorporated in the UK, all security must be registered at Companies House to ensure it is recognised by an insolvency practitioner or another creditor of the granter.

Climate Change and Net Zero

In June 2019, theUK Governmentset a legally binding target toachieve net zero greenhouse gas emissions by 2050, compared with 1990 levels. The Scottish Government set a more ambition target of 2045. Meeting these goals requires major transformation across all sectors. While small businesses (fewer than 250 employees) are not yet required to measure or reduce emissions, growing regulation is already shaping retail and other industries.

Net Zero Requirements

For companies, achieving net zero and to be fully certified means ensuring that operations, supply chains, products, and services create no net greenhouse gas impact. This typically involves:

- Calculating Emissions: Establishing a baseline to identify key areas for reduction.
- Committing to Targets: Aligning with industry-specific near- and long-term reduction goals.
- Implementing Strategies: Following sector-specific guidelines to reduce emissions, supported by a certifier with relevant expertise.
- Offsetting Residual Emissions: Using credible, transparent offset projects to neutralise unavoidable emissions.

Sustainability Measures

As businesses face increasing regulation to contribute to net zero emissions targets and national objectives, they must consider ESG and sustainability measures as part of their business strategy. There are several areas which can be support this:

- Green Leases: With around 30% of total greenhouse gas emissions in the UK come from the operation of buildings. Green leases set out parameters in the lease for landlords and tenants to work together to improve the sustainability/environmental performance of both the use and management of the property; reduce waste and emissions; and to ensure maintenance and any works are carried out with consideration to the environmental impact these would cause.
- Green Energy Supply: Depending on the nature of the business, there are several options that can be considered to reduce an organisation's carbon emissions including Corporate Power Purchase Agreements, onsite energy generation, or district heating schemes.
- Carbon and Emissions Trading: The UK Emissions Trading Scheme (UK ETS) gives participants free allowances or the ability to buy emission allowances which they can trade with other participants to meet emissions targets.

UK sanctions: key highlights for exporters and new businesses

UK exporters faceanincreasinglycomplexregulatorylandscape shaped by evolving geopolitical developments, stricter enforcement, and closer international regulatory cooperation.

The introduction of new regulators, tougher penalty regimes, and extensive official guidance means that businesses must remain vigilant and well-informed. Claiming ignorance has never been a defence, but with regulators publishing a raft of guidance aimed at assisting businesses to comply with their legal duties, there really is nowhere to hide and it is assumed that companies are fully aware of their legal obligations.

UK Trade and Financial Sanctions

The Sanctions and Anti-Money Laundering Act 2018 enables the UK to develop its own sanctions regime through the passing of regulations which set out prohibitions and restrictions on trade with certain jurisdictions, organisations or individuals.

There are prohibitions and restrictions on the export, supply, delivery and making available to or for use in certain countries various forms of goods and technology (known as trade sanctions). There are also restrictions on the provision of technical assistance related to those goods and technology. Restrictions apply to a broad range of industries, including the energy sector (including oil and gas), manufacturing, business enterprise and industrial design, and to goods and technology such as chemicals, electronics, machinery and metals.

Financial sanctions restrict certain individuals' or organisations' access to financial markets, funds and economic resources and limit provision of certain financial services. UK financial sanctions apply to all persons or organisations within the UK, and to all UK nationals wherever in the world they are located. The most common type of financial sanction is an "asset freeze", where an individual or organisation is restricted from accessing funds or economic resources. Anyone subject to an asset freeze in the UK will be listed on the Office of Financial Sanctions Implementation's ("OFSI") List of Financial Sanctions Targets.

Entities which are not listed by OFSI but which are owned or controlled by a listed entity or individual are also subject to UK financial sanctions. Determining whether an organisation is owned or controlled by a listed entity or individual depends on whether the designated person or entity:

- holds more than 50% of its shares or voting rights, can appoint or remove a majority of the board, or is reasonably expected to direct the company's affairs.
- has the right (directly or indirectly) to appoint or remove a majority of the board of directors of the entity.
- would be able to ensure the affairs of the entity are conducted in accordance with the person's wishes.

If any of these criteria are met then financial sanctions also apply to the non-listed entity, freezing its assets and prohibiting the provision of funds or economic resources to it or its controlling party.

UK Sanctions Enforcement

Breaching UK trade or financial sanctions requirements is a criminal offence, with potential penalties of unlimited fines and/ or a maximum of 10 years' imprisonment for individuals. There is also a civil penalties regime for strict liability offences which can be used as an alternative to prosecution in certain circumstances.

Financial sanctions enforcement by OFSI has intensified recently, with businesses failing to respond promptly to requests for information facing the possibility of enforcement. Cooperation with regulators is not only a legal obligation but can also significantly mitigate penalties. Meanwhile, the Office of Trade Sanctions Implementation ("OTSI") has yet to publish enforcement actions, and HMRC provides only limited reporting on trade sanctions breaches.

UK Sanctions Compliance

Key areas of risk remain sanctions circumvention and the diversion of goods to restricted countries, such as Russia, as well as complex ownership structures to seek to avoid the reach of the financial sanctions regime. Each business exporting from the UK should assess sanctions risks and put in place effective policies and procedures to address any risks identified. Having an effective sanctions compliance system in place will not only reduce the risk of sanctions breaches occurring, but it can also be used in support of a defence to criminal proceedings where a breach has or may have occurred, or in mitigation to seek to reduce the severity of enforcement action taken and/ or any penalty proposed.

Employment

Thereare many important issues to consider when hiring staff in the UK, the first being whether the traditional "employee" model suits your business in the first place or whether engaging self-employed consultants, contractors or agency workers may be more suitable.

Employees receive the greatest degree of protection, but “workers” also receive some of the rights afforded to employees. The decision as to the best staffing model often comes down to the business requirements and tax considerations.

As it stands, much of UK employment law is derived from European law, and therefore applies throughout the UK, but these laws differ significantly from jurisdictions outside Europe. In the last decade, and following Brexit, there has been a move to reduce the burden of employment regulation on UK employers, with notable changes including changes to holiday pay for irregular and part-year workers and capping compensation for unfair dismissal claims at the lesser of one year’s gross pay or £118,223.

However, the Labour government elected in July 2024 is proposing significant changes to UK employment law under its Employment Rights Bill. These include ‘day one’ employment rights including unfair dismissal protection, parental leave and sick pay; expanded trade union and collective rights; and restrictions on the use of “fire and re-hire” to alter employment terms. The Bill is expected to pass later this year but most of the changes are scheduled to take effect in 2026 and 2027.

UK Employment Rights

UK employees have several rights that have no equivalent in many other countries. For example:

- Written contract - UK employees have a right to receive a written statement of their terms of employment by no later than the date they commence employment, and this contract must contain certain minimum information.
- Working hours - Most UK employees cannot be required to work more than an average of 48 hours a week unless they expressly agree otherwise with their employer.
- Annual leave - UK full-time employees are entitled to 28 days paid annual leave, which can include public and bank holidays, of which employers generally recognise eight in England and Wales and nine in Scotland.
- Sickness leave - There is no statutory limit on the amount of time which employees may take off due to illness or injury. However, their entitlement to statutory sick pay ceases after they have been absent due to sickness for more than 28 weeks.
- Notice periods - After one month’s service, employees are entitled to notice from their employer of the termination of their employment. The minimum statutory right is one week’s notice and, once the employee has two years’ service, this rises by one week for each year of service, up to a maximum of 12 weeks. It is common for longer periods of notice to be agreed between employees and employers, and this should be taken into account when hiring.
- Termination - Once employees have been employed for two continuous years, they may only be dismissed for one of five prescribed reasons, including redundancy, incapability and misconduct. Compensation for unfair dismissal is currently capped at £118,223 or a year’s gross salary, whichever is lower. Redundant employees with more than two years’ service are entitled to statutory redundancy pay.

- UK employers must follow a fair procedure when dismissing an employee. Failure to do so or terminating employment for a reason other than one of the reasons permitted by law, could lead to a claim for unfair dismissal.
- Discrimination - UK employees have the right not to be discriminated against on grounds of age, disability, gender-reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation. Compensation for discrimination is not subject to any cap and there is no minimum period of service required to bring a discrimination claim.
- Pensions - Employers are required to automatically enrol eligible UK workers in a pension scheme and contribute to it. However, mandatory employer contributions in the UK are substantially lower than the contributions in other jurisdictions. There are several pension schemes for those working in the public service (including, for example, in teaching, the police, the fire service, and local government): qualifying employment with an employer admitted to one of these schemes will entitle the employee to pension contributions/membership. The UK also has state pension provision, with an individual's eligibility based on qualifying years of payment of national insurance contributions.
- Business transfer protection - UK employees are offered protection from dismissal in the event of a transfer of an undertaking or a contracting in or out of services. This means, for example, that when you acquire a business (or part of a business) the employees' contracts of employment will automatically transfer to you and any dismissal connected to such a transfer will be unfair unless it is for an "economic, technical or organisational" reason. Employers also have certain obligations to consult with employees on the sale of a business or a contracting in or out of services.
- Waiving rights - UK employees can waive almost all their potential employment claims, but this must be done through a formal settlement agreement, for which the employee must receive independent legal advice.
- Consultations - UK employees have no freestanding right to collective employee representation, but they do have rights to collective consultation in certain circumstances. Examples include proposals to make at least 20 employees redundant, certain types of changes to pension benefits, business transfers and certain health and safety issues. There is generally a spirit of voluntarism when it comes to trade union recognition, but there are legal provisions entitling a trade union to apply for recognition if they can evidence, broadly speaking, 40% support.
- Non-competes - Post-termination, non-competition or non-solicitation obligations can only be enforced in the UK if they are reasonable.

Employers in the UK have statutory duties to take measures to ensure the health, safety and welfare of employees and others affected by work activities. Risks associated with work activities require to be formally assessed and appropriate measures implemented to avoid or control the risks. Where a business employs more than five employees, the risk assessments and relevant control measures must be recorded in a written document. Employers are also required to have a written health and safety policy and liability insurance. Failure to comply with health and safety duties is a criminal offence which can lead to serious financial penalties for businesses and imprisonment for individuals.

International Employees

The UK, like many other countries, has been gradually tightening immigration laws in recent years. British and Irish citizens, as well as foreign nationals with indefinite leave to remain in the UK are exempt from immigration control – they can therefore work in the UK without restriction.

EU workers who were living in the UK by 31 December 2020 can usually apply under the EU Settlement Scheme for pre-settled status or settled status, depending on how long they have been resident in the UK. Foreign employees from the rest of the world

(which includes citizens of the European Union, the wider EEA and Switzerland coming to the UK on or after 1 January 2021) require a relevant visa which allows them to work in the UK. The UK

has several different visa categories that facilitate the attraction of skilled people to the UK for work, study or business. The visa that is required will depend upon the reason for coming to the UK and the intended length of stay. It is possible for employers to formally sponsor skilled employees for work visas or to transfer employees to the UK from overseas offices. The visa rules have various criteria that need to be met for employees to qualify for sponsorship. There are also family routes which help those with British or settled family members to come to the UK on the basis of their relationship.

Immigration & Visas

When doing business in the UK,it is importantto ensure that the appropriate visa is in place to enable you to work, invest or live here. Whilst nationals of some countries can enter the UK for business trips without the need to obtain a visa in advance, anyone who is not British or Irish will need a visa to live in the UK.

The visa requirements are the same across the UK with no real regional variations. In England, individuals will need to have an eligible visa to prove their “right to rent” – this does not apply to the rest of the UK. The key to obtaining a visa is preparation and anyone requiring a visa to work, live, study or invest in the UK should consider the various visa requirements at an early stage. Some of the more common visa routes include:

Innovator Founder Visa

If you want to set up and run an innovative business, that is new (not already trading), viable and scalable, then this may be an option for you. The first step is to get an approval from one of the endorsing bodies. This involves showing that you have the relevant skills and knowledge, enough funds and have a business plan that meets the requirements. There is no sponsorship requirement. Once approved, you will be able to apply for a three-year visa, which can be extended if required. After three years, you may be eligible to apply for indefinite leave to remain.

Skilled Worker Visa

This route is suitable for individuals who have received an eligible job offer from a UK employer. The UK employer must hold a relevant sponsor licence or be willing to apply for one. There is a minimum salary requirement with the general starting point being £41,700 gross per annum. Permission to work in the UK is broadly tied to the sponsor/ employer. After five years in the UK, you may be eligible to apply for indefinite leave to remain.

Global Business Mobility: Senior or Specialist Worker Visa

This route is suited to individuals employed overseas and will be transferred to work for linked entity in the UK by common ownership. The UK entity must hold a relevant sponsor licence or be willing to apply for one. There is a minimum salary requirement with the general starting point being £52,500 gross per annum. The minimum salary requirement increases to £73,900 gross per annum if individuals have been employed by the overseas entity for less than 12 months. The initial visa can be granted for up to five years and allows you to switch into other eligible visa categories, but this is not a route to settlement.

Global Business Mobility: UK Expansion Worker Visa

This route which will suit those businesses that are currently trading outside the UK and want to explore opportunities to expand into the UK market. The relevant entity will be required to apply for a sponsor licence and will then be able to send up to five senior managers or specialist employees to the UK to set up an initial UK branch or wholly owned subsidiary. Individuals must have worked for the sponsor group for at least 12 months. You can stay in the UK for up to two years, but this is not a route to settlement.

Global Business Mobility: Service Supplier Visa

This is for overseas workers who are contractual service suppliers employed by an overseas service provider or self-employed independent professionals based overseas. There must be a need to undertake a temporary assignment in the UK, covered by one of the UK's international trade agreements. The UK entity must hold a relevant sponsor licence or be willing to apply for one. Individuals must have worked for their current employer, or if self-employed, in the same sector as the service they will provide, for at least 12 months. The initial visa can be granted for up to 12 months depending on the trade agreement, but this is not a route to settlement.

Global Business Mobility: Secondment Worker Visa

This is suitable for overseas workers temporarily being seconded to the UK as part of a high-value contract for goods or investment by their overseas employer. This must be worth at least £50 million. The UK entity must hold a relevant sponsor licence or be willing to apply for one. Individuals must have worked for an overseas business that has a contract with the UK sponsor, for at least 12 months. The initial visa can be granted for up to 12 months, with the possibility of extending for a further 12 months, but this is not a route to settlement.

Global Talent Visa

Those who are already recognised leaders in their field or who are widely viewed as emerging leaders might consider this route. The visa usually requires an endorsement from a sector-based body and covers the fields of digital technology, arts and culture and academia and research. This route enables flexibility with the holder not being tied to a particular business or an employer. There is no sponsorship requirement. Depending on your circumstances, you may be eligible to apply for indefinite leave to remain after three or five years.

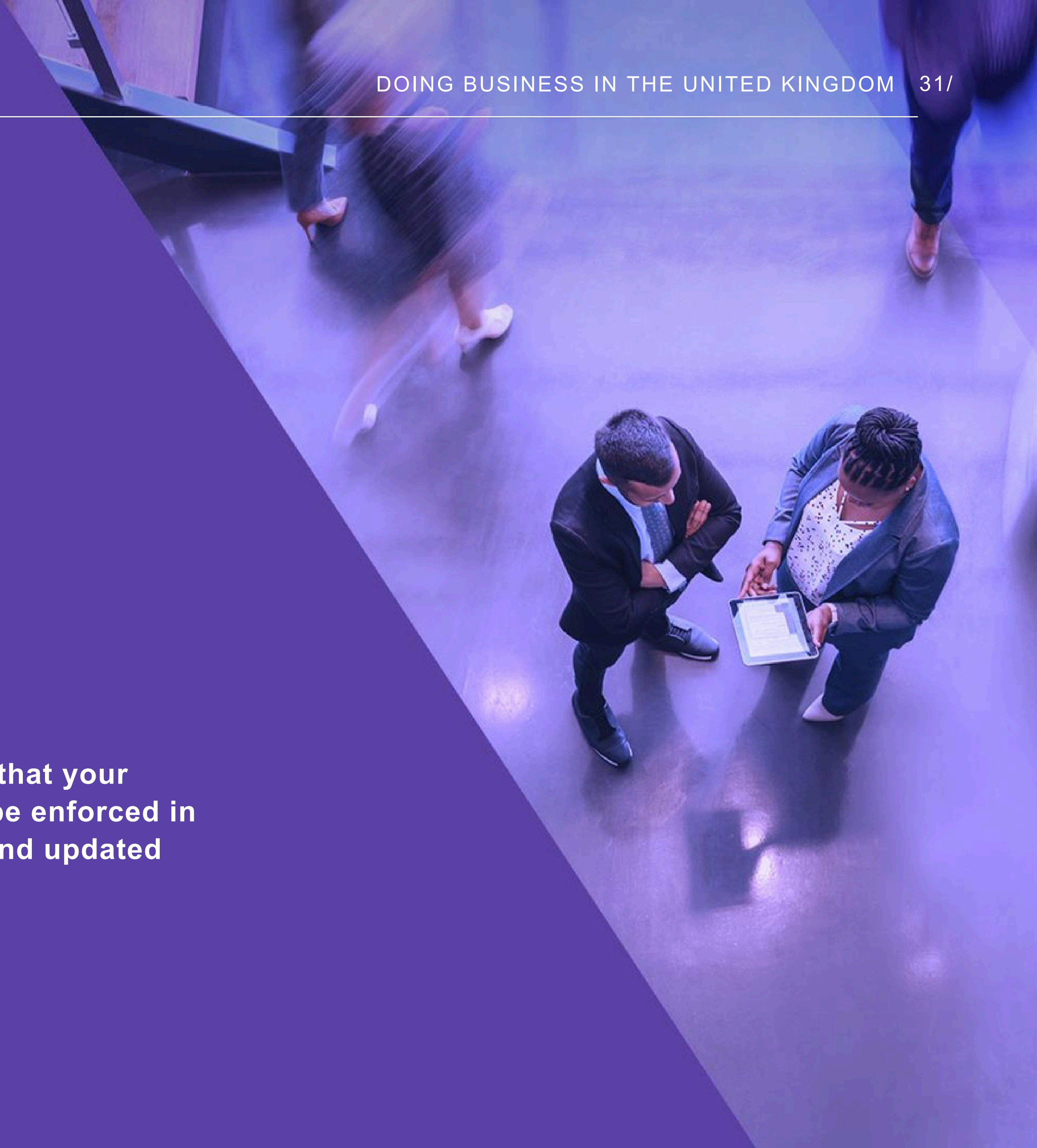
Family Members of British Citizens

Those who have partners that are either British citizens or hold indefinite leave to remain, can apply for a visa to come to the UK for an initial period of 33 months, which is extended for a further 30 months and leads to settlement after a total of 60 months. The sponsoring partner must presently demonstrate an income of £29,000 from employment, self employment or rental income. Savings can also be used on their own if they amount to £88,500 and have been held for at least six months. This visa allows employment or self employment.

Family Members and Dependants

All the above visa categories allow the main visa holder to bring their spouse or partner to the UK with them, along with any dependent children. Partners need not be formally married, and dependent children must usually be under the age of 18 years old to qualify as dependants.

There are often additional criteria around dependants which require increased levels of funds to be held to demonstrate the main applicant's ability to maintain and accommodate their dependants. The level of maintenance funds required increases with every dependant. Those in the UK with dependant visas can work and/ or study without restriction on dependant visas, even where the main applicant's visa might prohibit employment or restrict it to a certain employer or type of work. Dependants can apply at the same time as the main applicant or at a later stage should they wish. Dependants are also eligible to apply for settlement, if the main applicant is permitted to do so. In most cases, dependants only qualify after five years, even if the main applicant is eligible at an earlier stage.



Entering into contracts

Whenentering intocontractsin the UK, you should be aware that your existing contract templates may contain terms that cannot be enforced in the UK, and we would recommend that these are reviewed and updated at the outset.

It is important to note that, although there are many similarities, there are different specific legal and regulatory compliance requirements applicable to contracts across Scotland, England, Wales, and Northern Ireland.

English and Scots law are widely used to govern cross-border contracts and are accepted in many other countries. There are certain basic requirements for a valid contract to be formed in both Scotland and England. In particular, the parties must have the necessary legal capacity, demonstrate an intention to be legally bound, and there must be agreement on the key terms. Most contracts do not need to be in writing, although it is advisable to do this in any case so that there is clarity as to the agreed terms. Many contracts can be signed electronically, but advice should always be taken on this and no assumptions made.

There are some differences between Scots law and English law to be aware of. In particular, in Scotland the parties must have the necessary legal capacity, demonstrate an intention to be legally bound, and there must be agreement on the key terms. Unlike with English contracts, there is no need for consideration. Most contracts do not need to be in writing, although it is advisable to do this in any case so that there is clarity as to the agreed terms. Many contracts can be signed electronically, but advice should always be taken on this and no assumptions made.

Consumer Contracts

When contracting with UK consumers, there are certain statutory rights which are implied into every contract and "unfair terms” are not binding on the consumer. For example, it is not possible to limit liability for death or injury and terms which allow for the non-consumer to unilaterally terminate the contract on an arbitrary basis or without notice are also deemed unfair.

Agency

Agents act as intermediaries between the supplier and the customer and can be appointed on a sole, exclusive or non-exclusive basis. There are two main types of agents: a 'sales' agent has the authority to bind a supplier to contracts with third parties and the more common 'marketing' agents, who do not have power to contractually bind the supplier and merely act as a channel of communication.

Using agents can be attractive to suppliers as a means of developing a wide marketing and support network for their products without incurring the overheads associated with employing a full sales team, whilst retaining a measure of control over the destination of those products. However, many agency relationships are closely regulated by UK law to protect agents. For example, qualifying agents have a legal right to commission, a minimum period of notice prior to termination and, in some circumstances, a right to commission on transactions concluded after the agreement has been terminated. In certain circumstances, the agent may even have the right to compensation or indemnity on termination of their agency agreement. This remains the situation following the UK’s exit from the EU, but the situation may change in time and this area should be kept under review.

Distribution

The appointment of a distributor can be an attractive option for a supplier moving into the UK market because the distributor should have a better understanding of the local industry. The distributor will also bear the costs and commercial risks associated with the development of the business. Unlike with agents (at time of writing), there is generally no requirement for the supplier to pay compensation to the distributor on termination of the agreement. However, a supplier has less control over the way in which its goods are marketed.

Franchising

Franchising can be adopted as a strategy for maximising brand value while retaining a significant degree of control. There is little in the way of formal regulation of the franchising industry in the UK, although certain principles of competition law are applicable to distribution agreements and/or brand and know-how licensing may also apply to franchise agreements, so care should be taken to ensure that a franchise arrangement will not in fact breach the competition rules.

The British Franchise Association also requires its members to comply with certain rules, which should be observed and kept under review.

Intellectual Property

Thelawrelating to intellectual property rightsis UK-wide and is generally similar to those of most major countries. The undernoted intellectual property rights are available throughout the UK.

Patents

Patents protect new inventions and/or processes. An invention will only be capable of patent protection if it is considered to be new, inventive, capable of industrial application and not specifically excluded from patent protection. A UK-registered patent gives the owner the exclusive right to use the patented invention and to stop others from copying, manufacturing, importing or selling that invention in the UK for a period of up to 20 years.

Registered patent protection can be obtained by making an application to the UK Intellectual Property Office before the invention has been made public. The registration process can often take in the region of five years. The patent only protects your invention in the UK.

Where you are seeking protection for your invention in other countries as well as the UK, you have other possible routes to obtaining registered patent protection in the UK – you can file an application under the European Patent Convention or under the Patent Cooperation Treaty and designate the UK as one of the countries for which protection is sought. You should note, however, that the UK has withdrawn from the unitary patent and the associated unified patent court system ("UPC") and these do not cover the UK. However, early indications are that the UPC will take an expansive view on jurisdiction. In July 2025 the UPC held that an injunction granted, relating to a patent in force in the UK, would have effect in the UK.

Legal proceedings for the enforcement of a patent are often technically complex. The owner of a patent may seek orders from the courts including damages or an account of profits. There is also the potential to pursue orders for destruction of infringing material, interdict (in Scotland) or injunction (in England) to prevent infringement, or a declaration that the patent is invalid and should be revoked.

Trade Marks

A UK registered trade mark may be any sign that can be represented graphically and is capable of distinguishing the goods or services of one undertaking from those of another. Signs that can be protected as trade marks include words, logos, device marks, product packaging, certain types of product shapes and sounds. The registration of a UK trade mark gives the owner the exclusive right to prevent others from using that trade mark in the UK without their consent.

A UK-registered trade mark is infringed if, without the trade mark proprietor's consent, an identical or similar sign is used in relation to the goods/services to which the trade mark is registered and which is likely to cause confusion on the part of the public. In the case of infringement, the trade mark owner can seek an interdict (in Scotland) or an injunction (in England) preventing further use of the identical or similar sign and damages or, as an alternative to damages, an account of profits for infringement together with orders for destruction etc.

Trade mark protection can be obtained in different ways. The applicant can apply to register the trade mark on the UK Trade Marks Register, by filing an application with the UK Intellectual Property Office. It is also possible to obtain registration of an international trade mark which designates the UK through the World Intellectual Property Organisation (WIPO). You should note, however, that it is no longer possible to include the UK in an application for a European Union trade mark.

Once a trade mark has been successfully registered, either on the UK or International Trade Marks Registers, it lasts for a period of 10 years from the date of filing the application. Once this 10-year period has expired, it is possible to renew the trade mark registration for subsequent periods of 10 years, subject to the payment of the appropriate trade mark renewal fees and provided that there are no grounds for having the registration cancelled, such as non-use.

Trade Secrets

The UK has well-developed common law rights to protect confidential information. Trade secrets laws supplemented the UK common law of confidential information in relation to defined “trade secrets”. Trade secrets protection enhances and clarifies the existing rules on confidentiality. Under UK trade secrets legislation “trade secret” is defined as meaning confidential information which (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question; (b) has commercial value because it is secret; and (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

Registered and Unregistered Designs

A registered design is a monopoly right for the appearance of the whole or part of a product including features such as lines, contours, colours, shape, texture, materials or ornamentation. A registered design can be obtained in the UK by making an application to the UK Intellectual Property Office and must be new and have individual character in order to be registered. A UK-registered design lasts for a period of up to 25 years but requires to be renewed every five years. To establish an infringement of the UK registered design, the rights holder must demonstrate that the third-party product does not create a different overall impression on the informed user.

UK unregistered design rights occur automatically, and no formal registration is required. These rights protect the shape and configuration of the product itself. To succeed in showing that a UK unregistered design right has been infringed, the rights holders must be able to prove that the third party has copied the design and, in doing so, has produced a product which is exactly or substantially the same as the design of the rights holder’s product.

UK unregistered design rights last for a period of 15 years from the end of the calendar year in which the design was first recorded or 10 years from the end of the calendar year that the product was first put onto the market, whichever of these is the earliest.

Following Brexit, the UK replaced EU unregistered community design right protection with an equivalent UK supplementary design right regime. A UK supplementary design right is protected for a period of three years from when it was first made available to the UK public.

Copyright

Unlike trade marks, registered designs and patents, copyright exists on creation and does not require formal registration. The right arises automatically from the date of creation or recording of the work in question. Copyright protects a wide range of original work, including computer programs and software. For the work to attract copyright protection, it must be sufficiently original and therefore not copied. Generally, copyright protection lasts for 70 years from the end of the calendar year in which the author dies.

The copyright owner has several exclusive rights in the copyrighted work, including the right to copy, adapt, distribute or perform the work in public. The original author will also have the right to be identified as the creator of the particular work. Copyright will be infringed if the whole, or a substantial part, of the copyright work is used by a third party without permission and the owner will be able to prevent the use of the protected work and obtain damages or, as an alternative to damages, an account of profits for the act of infringement.

Commissioned Work

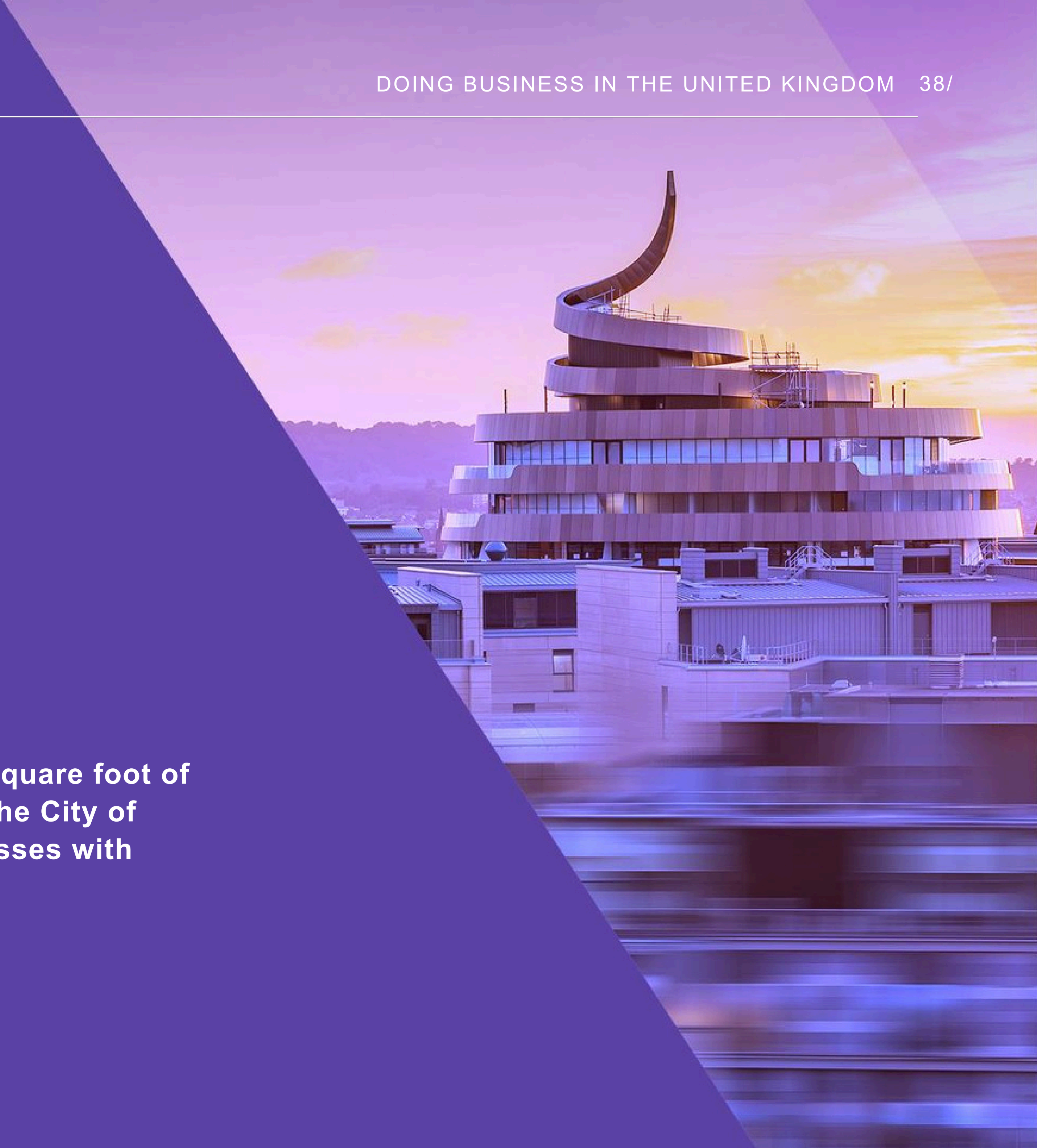
UK law differs from other jurisdictions in that if you commission a piece of work then ownership will not automatically transfer to the commissioner. To transfer ownership, a written agreement will need to be signed by the parties.

Intellectual Property Developed by Employees

Generally speaking, any intellectual property rights created by an employee in the course of employment will be owned by the employer. However, under UK patent law, if an employee creates a patented invention that is of “outstanding benefit” to the employer then they may be entitled to additional compensation over and above their salary. Instances of additional compensation being awarded to employees in these circumstances are very rare in the UK.

Real Estate

Inline with the general cost savings, the average price per square foot of office space in Glasgow and Edinburgh can be half that of the City of London – making Scotland an attractive location for businesses with large property requirements to invest in.



Owning Property

The separate jurisdictions that comprise the UK (Scotland, England and Wales and Northern Ireland) have different systems of land ownership. Although most of the concepts are similar, there are important distinctions in the detail and terminology.

A legal interest in land in England and Wales will either be freehold, where the land is owned outright, or leasehold, giving the leaseholder the right to occupy and use the land for a specified duration subject to the terms of a lease. The system of property laws in Scotland is different from that in the rest of the UK and, although some concepts are similar, there are distinctions in the detail, terminology and effect. Interest in Scottish land will usually either be the outright ownership of heritable property (freehold) or the right to exclusively possess and use the land for a specified duration (leasehold). Less commonly, parties might use a licence to occupy which does not carry exclusive possession, but this is normally limited to short term arrangements for a specific purpose

In England and Wales, land is often subject to third-party rights known as easements (such as a legal right of way) and may benefit from easements over adjoining land. Land is often also commonly held subject to covenants, which are legal obligations that benefit adjoining or nearby land, and which commonly seek to prohibit certain uses of the land, for example a restriction against constructing buildings above a specified height or an obligation not to use a property for a particular use. Private restrictions such as these are entirely separate to the planning regime, which also imposes restrictions on the use and development of land. In Scotland, land is commonly held subject to title conditions which can be real burdens (similar to covenants in England and Wales) or servitudes (similar to easements), either enforceable by third parties against landowners (a burden on the land) or, conversely, enforceable by the landowner against third parties (a benefit to the land). Importantly, these conditions bind future owners of the land affected and can be enforced by future owners of the benefited land.

Title to almost 90% of the land in England and Wales is registered with HM Land Registry: a digital, map-based public record of land ownership. All new qualifying land transactions are required to be registered with the Land Registry, which means that the Land Register provides an accurate and up to date snapshot of the title (including details of most rights and encumbrances such as those referred to above, together with details of any charges affecting the land, such as mortgages and pending applications) engendering confidence in land transactions. Title to land in Scotland will either be recorded in the historic Register of Sasines or registered in the Land Register of Scotland: a digital, map-based public record of land ownership in Scotland. Both are stable registration systems maintained by the Registers of Scotland. All new land transactions go into the Land Register so in time this will result in a complete map-based record.

Leasing Property

Leases in England and Wales contain obligations on the part of the tenant which are similar to those in other jurisdictions, relating to matters such as repair, alterations, use and alienation (the ability to transfer the lease or grant a sublease). The rights and obligations of both landlord and tenant are generally governed by the terms of the lease document. England and Wales also have a number of statutory provisions relevant to leasing, which can have important implications, including in certain circumstances the legal right to a apply for a new lease on substantially the same terms at the expiry of the term. Scottish leases contain provisions which deal with the same range of obligations as those in England and other jurisdictions such as repair, alterations, use, alienation (dealings) and termination. There are key differences in how these obligations are interpreted and enforced due to the application of Scots common law and the general lack of legislation governing leases in Scotland. For the most part, the lease document will dictate the obligations rather than these being contained in separate legislation, and there are generally accepted standards of what will be institutionally acceptable for most obligations.

Developing Property

Developments within the UK including Scotland are often carried out on the basis of industry standard form contracts, amended as required to reflect project-specific requirements, risk allocation agreed among the contracting parties, and commercial factors. Where these are "construction contracts" (as defined), the Housing Grants, Construction and Regeneration Act 1996 applies.

The 1996 Act created mandatory payment requirements in construction contracts, which heavily regulate payment mechanisms in terms of their operation, notification and timings etc. The 1996 Act also created mandatory adjudication requirements, which give parties to a construction contract the right to refer a dispute to adjudication at any time. Adjudication is commonly used throughout the supply chain. It is a 28-day process (unless extended under certain conditions), resulting in an interim binding decision which is readily enforceable by the courts, to support cashflow throughout the construction industry.

Transparency regimes relating to land ownership

The UK Government has established a transparency regime in respect of land ownership in the UK, with a public register known as the Register of Overseas Entities ("ROE") at its core. All non-UK entities (including trusts) that already own or wish to acquire land in the UK are required to register details of their beneficial owners on the ROE. Failure to comply with these registration requirements is a criminal offence which prevents registration of property dealings at HM Land Registry and the Land Register of Scotland.

In Scotland, the Register of Persons Holding a Controlled Interest in Land (RCI) also applies. This requires non-UK entities to register their landholdings (including any leases of more than 20 years) and provide information on who ultimately controls the entity. A similar obligation applies to any owner or tenant under a long lease (whether a company, individual or other entity) where the property is in practice controlled by a party other than the person or entity named on the property registers

Building Safety

The Building Safety Act 2022 is principally about the safety of people in or about buildings. It provides for fundamental reform of regulation relating to the design and construction of all buildings and the operation of higher-risk residential buildings. While the focus of the regulatory provisions of the 2022 Act is on high-rise residential buildings, some provisions apply to all types of buildings and it is affecting building standards across the board.

The 2022 Act also has a major impact on the routes for remediation of building safety defects, including historical defects. This means there are potential new rights for leaseholders and potential new liabilities for developers and landlords in relation to new and existing building stock of certain types. These rights and liabilities require to be considered in relation to the ongoing ownership and maintenance of buildings, their sale and purchase, and the mergers or acquisitions of developer and landlord entities, plus others with certain connections to them.

Many of the detailed provisions in the 2022 Act have been implemented through a programme of secondary legislation, following complex transitional provisions. However, the application of the 2022 Act differs within the UK. For example, in Wales some of the 2022 Act applies, whilst the Welsh Government is also progressing its own primary and secondary building safety legislation. In Scotland, only limited provisions apply, (in relation to cladding and construction products' liability; costs contribution orders; the new homes ombudsman; and architects' regulation. Meantime the Scottish Government has progressed separate building safety measures, for example via the Housing (Cladding Remediation) (Scotland) Act 2024 which applies to certain buildings incorporating external wall cladding systems. Again, secondary legislation implements the provisions of the 2024 Act, with more to follow, alongside other building safety measures in Scotland.

The 2022 Act is the flagship Act within wider building safety reform. In particular, recommendations made in the Final Report of the Grenfell Tower Inquiry have been accepted by the UK, Welsh and Scottish Governments and will lead to further reforms over a number of years. This is likely to affect many aspects regulating the design, construction, operation and maintenance of buildings including building control, building safety professions, resident safety, construction products and more.

Meanwhile, the Construction (Design and Management) Regulations 2015, which focus on health and safety within the construction industry, remain in place throughout the UK.

Land Tax

Stamp Duty Land Tax ("SDLT") applies to land and property transactions in England. It is administered by HM Revenue & Customs. Different land taxes apply to other parts of the UK; Scotland has Land and Buildings Transaction Tax ("LBTT") and Wales has Land Transaction Tax ("LTT"). In Scotland, LBTT is administered by Revenue Scotland.

SDLT, LBTT and LTT are a self-assessed taxes payable by the purchaser acquiring property (and by the tenant taking a lease). Whilst the taxpayer's solicitors will usually deal with administrative requirements around submission of the tax return, the responsibility for the information provided to the tax authorities and timely payment of the tax lies with the taxpayer.

They are progressive in that different rates of tax are charged on the purchase price of property falling within each tax band, with a different basis of charge applying to rent payable under leases. Various reliefs and exemptions exist, such as group company relief or charities relief which can reduce or eliminate any tax due.

Some other UK taxes may also apply to land and property transactions.

Dispute Resolution

Thereare threeseparate legaljurisdictions within the United Kingdom: England & Wales, Scotland and Northern Ireland (Northern Ireland is not covered in this note for Dispute Resolution).

There are certain clear differences between the legal systems of Scotland and England & Wales arising from the distinct ways in which the laws in those jurisdictions developed over time. At their roots, England & Wales has a common law legal system whereas Scotland has a mixed legal system (i.e. partly common law and civil law based).

UK-wide legislation is created by the UK parliament, which sits in London (each of the countries in the United Kingdom also has its own parliament, which can pass laws on devolved matters in their own jurisdictions). The result is that many laws within the UK are common to both Scotland and England & Wales (e.g. pensions, employment and companies law arise from legislation which is common to both jurisdictions). However there remain some areas of clear distinction (e.g. property law). The two jurisdictions also have distinct court systems and different rules on civil procedure.

Court Structure

ENGLAND & WALES

Civil proceedings in England are conducted in either the County Court (for lower value claims – generally those under £100,000) or the High Court, which hears more serious and complex cases. The High Court is further divided into several different divisions, each specialising in different types of claims.

There are also four different levels (or "tracks") of procedure within the English court rules, with the aim being that simpler and lower value cases are dealt with in an easy, efficient manner, whereas complex and high-value cases get the level of attention they require.

Beyond these courts, there are two different levels of appeal – the Appeal Court and the Supreme Court of the United Kingdom, which sits in London.

SCOTLAND

Civil proceedings in Scotland are conducted in either the appropriate Sheriff Court or the Court of Session in Edinburgh, which is Scotland's "High Court" for civil matters. The Sheriff Courts have, subject to certain exceptions such as intellectual property disputes, exclusive jurisdiction to deal with cases where the sum sued for is £100,000 or less. Notwithstanding that rule, both courts can hear high-value or complex claims, although it tends to be the case that these are dealt with by the Court of Session.

The "Inner House" of the Court of Session is an appeal court – hearing appeals from first instance cases in the "Outer House" of the Court of Session and appeals from the Sheriff Appeal Court. The UK Supreme Court sitting in London is the highest civil appeal court for Scottish cases. Permission to appeal to the Supreme Court must be granted either by the Inner house or by the Supreme Court itself.

Key Differences between Litigating in Scotland and England & Wales

There are several key differences between litigating in England & Wales as opposed to Scotland, including:

- Pre-action protocols: The English system has a strong focus on the "pre-action" conduct of parties, with the aim of ensuring that parties properly air their dispute before raising court proceedings. Where a party fails to comply with the pre-action protocol and rules, the court may make an adverse costs award against them. In Scotland, there are not the same broad ranging and fixed pre-action conduct rules (albeit in commercial actions there is now some pre-action conduct expected).

- Disclosure/ recovery of documentation: In England & Wales there are rules which require parties to exchange documents connected to their case (both helpful and unhelpful), which can be a significant, time-consuming and costly exercise. A party's disclosure obligations are very strict, and failure to comply can result in court sanctions – in extreme examples, this could amount to contempt of court. By contrast, in Scotland, there are no automatic rules providing for disclosure, but a party can apply for an order to recover specified documents (a more limited form of disclosure, often in the form of a 'menu' of documents).

- Cost of litigation and cost budgeting: Generally, the costs for raising an action and running the case to trial are higher in England & Wales than they are in Scotland. Court filing fees in England & Wales are comparatively high compared with other jurisdictions: the cost of filing a substantial claim at court can be 5% - 10% of the value of the claim, capped at a maximum of £10,000. By contrast, in Scotland, the filing fees are in the hundreds of pounds regardless of the value of the claim. In addition, in England there is automatic cost budgeting for all claims under £10 million – there is no equivalent obligation in Scotland. Generally, in both jurisdictions the unsuccessful party in a litigation must pay a proportion of the successful party's costs, although costs are ultimately awarded at the court's discretion by reference to certain statutory rules and procedural requirements. The amount of costs recovery is determined based on various factors, including the outcome and the nature of the dispute, and the conduct of the parties before and during litigation. As a result, a successful party will only recover a percentage of the actual costs incurred. Recoverability rates are generally higher in England & Wales than they are in Scotland.

Remedies

The primary remedies available to parties in litigation in England and Scotland are similar. The main remedy in a commercial dispute will ordinarily be for payment of an amount of money. Other available remedies include: injunction ('interdict' in Scotland), an order requiring a party to do, or refrain from doing, a particular thing; specific performance ('specific implement' in Scotland), an order that a party must carry out a particular obligation; and declaration ('declarator' in Scotland), confirmation by the court of a particular matter, such as the existence of an obligation.

Alternative Dispute Resolution

In both England & Wales and Scotland, there are a number of main alternative means of resolving disputes, including:

- Arbitration: Parties can agree to refer disputes to arbitration (as opposed to litigation) – which is a confidential disputes resolution process where the parties can also select the rules that apply. The UK courts, save in very limited circumstances, will not intervene in arbitration decisions and support arbitration as an alternative dispute resolution mechanism. In England, arbitration competes with litigation as the main dispute resolution method for large disputes and is governed by the Arbitration Act 1996, as amended by the Arbitration Act 2025. Arbitration in Scotland is governed by the Arbitration (Scotland) Act 2010. In Scotland, arbitration is used but not to the same extent as in England.

- Mediation: Mediation, a facilitative negotiation process, is popular in both England & Wales and Scotland. It is facilitated by a third-party impartial mediator, who works with the parties confidentially and on a without-prejudice basis to try to achieve an agreement between them. It is not a means to a decision in and of itself (rather the process leads possibly to an agreed settlement), therefore it is often used alongside litigation and arbitration. A recent decision from the Court of Appeal in England established that the English courts can order parties to engage in non-court based dispute resolution in certain circumstances. Separately, from 22 May 2024, small monetary claims of £10,000 or less are automatically referred to mediation. In July 2025, a one-year pilot scheme of automatic referral to mediation was launched for those claims issued through the online civil money claims service and which do not arise from a road traffic accident or involve a personal injury element.
- Adjudication: a “fast track” process where an independent third party decides on particular issues. This is a process that is commonly used in the construction industry (where a statutory right to adjudicate under construction contracts is provided by the Housing Grants, Construction and Regeneration Act 1996, known as the Construction Act) and there is often a further recourse to litigation or arbitration (meaning that the adjudicator’s decision, whilst binding in the interim, can be overturned at a later date).
- Expert Determination: Expert determination is the (typically) final resolution of a dispute by an expert (e.g. a surveyor in a property valuation dispute). Expert determination is used as agreed by the parties and there is no right of appeal, although in very limited circumstances an expert determination may be challenged in court.

Judgments

Judgments arising from UK courts in proceedings commenced before the end of the Brexit transition period, i.e. 31 December 2020, can be enforced in European Union member states under the Brussels Regulation or the newer Brussels Regulation (Recast), depending on the date when proceedings were commenced.

Until recently there had been no agreement between the UK and EU for reciprocal enforcement of judgments arising from proceedings raised after 31 December 2020. UK judgments were recognised and enforced in European Union member states (and others) under the 2005 Hague Convention on Choice of Court Agreements in certain circumstances. However, the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters (the Hague Judgments Convention) was ratified by the UK in June 2024 and entered into force in the UK on 1 July 2025. It provides a framework for the mutual recognition and enforcement of civil or commercial foreign judgments between contracting states, which include EU member states, except Denmark.

Under the Hague Judgments Convention, a judgment from one contracting state can be recognised and enforced in another without the need to relitigate the underlying issues. It applies to all civil and commercial judgments, with the exception of certain matters, and applies to judgments that arise in the absence of a prior contractual agreement on exclusive jurisdiction. It applies only to judgments given in proceedings commenced on or after 1 July 2025.

Outside the EU, various reciprocal arrangements allow for international recognition and enforcement of UK judgments in a number of countries.

Arbitration awards from the UK can be enforced internationally under the New York Convention (to which the UK acceded in 1975) in any other contracting states.

Tax

AUKcompany has responsibility for a number of UK tax matters.

Corporation Tax on Profits

Profits for tax purposes differ from accounting profits. For example, there is no deduction for depreciation but instead there is a tax-specific deduction system called “capital allowances” for tangible assets.

Registration with the UK tax authority (HMRC) for corporation tax occurs automatically upon incorporation of a UK company and generally tax returns are required to be filed within one year, with corporation tax paid within nine months of the end of the relevant accounting period.

Currently, UK corporation tax is levied at 25% on both income and capital profits. There is a small profits rate of 19% for companies with profits of £50,000 or less. Companies with profits between £50,000 and £250,000 are taxed at the main rate but with “marginal relief”; this means tax is paid at a gradually increasing effective rate.

VAT

VAT is a type of consumption tax, collected and paid to HMRC by the seller and payable at the point of sale by the buyer to the seller as an element of the sale price. Any business that is established in the UK and makes annual taxable supplies in the amount of £90,000 or more is required to register for VAT. Once registered, the company has a duty to charge VAT on all supplies of taxable goods or services made in the UK.

Businesses pay a VAT element on receipt of supplies from other businesses subject to VAT (input tax) and charge VAT on the sale of their products and services (output tax). They are required to account on a quarterly (sometimes monthly) basis to HMRC for the amount by which output tax exceeds input tax. For VAT purposes, every supply is either taxable or exempt (exempt supplies do not carry an output tax VAT charge and restrict the ability of a business to recover its associated input tax).

Taxable supplies can either be:

- Standard rated (20%) – most taxable supplies will be subject to VAT at the standard rate.
- Reduced rated (5%) – for example, domestic fuel and children’s car seats.
- Zero rated (0%) – for example, most food, books, newspapers, and new houses.

Payroll Taxes

UK companies are obliged to register as employers and apply payroll withholding for:

- ‘pay as you earn’ income tax (PAYE); and
- national insurance contributions (NICs) (a form of social security),

on employee remuneration and benefits. The taxes withheld from employees are notified and paid to HMRC monthly along with associated employer’s NICs charges. The amount of income tax withheld will depend upon the individual employee’s PAYE tax coding. Personal income tax rates for employment income of UK residents who are not residents of Scotland range from 20% (basic rate) through 40% (higher rate), to 45% (additional rate). Personal income tax rates for employment income of residents of Scotland are generally 1% higher than rates in the rest of the UK and 2% higher for higher rate and additional rate taxpayers. Starting rates of 19% and 20% apply in Scotland and then rates range from: a 21% intermediate rate, to a 42% higher rate, 45% advanced tax rate, to a 48% top rate. Above a lower threshold of earnings, NICs contributions by employees are charged at 8% of earnings up to an upper earnings level and 2% of earnings above that level, while employers are required to contribute 15% of earnings. NICs rates are uniform for residents of Scotland and the rest of the UK.

Data Protection

TheDataProtectionAct 2018and the UK GDPR (the General Data Protection Regulation (EU) 2016/679, as retained in UK law following Brexit) set out the legal framework under which the processing (including the obtaining, holding, use and disclosure) of personal data is regulated in the UK.

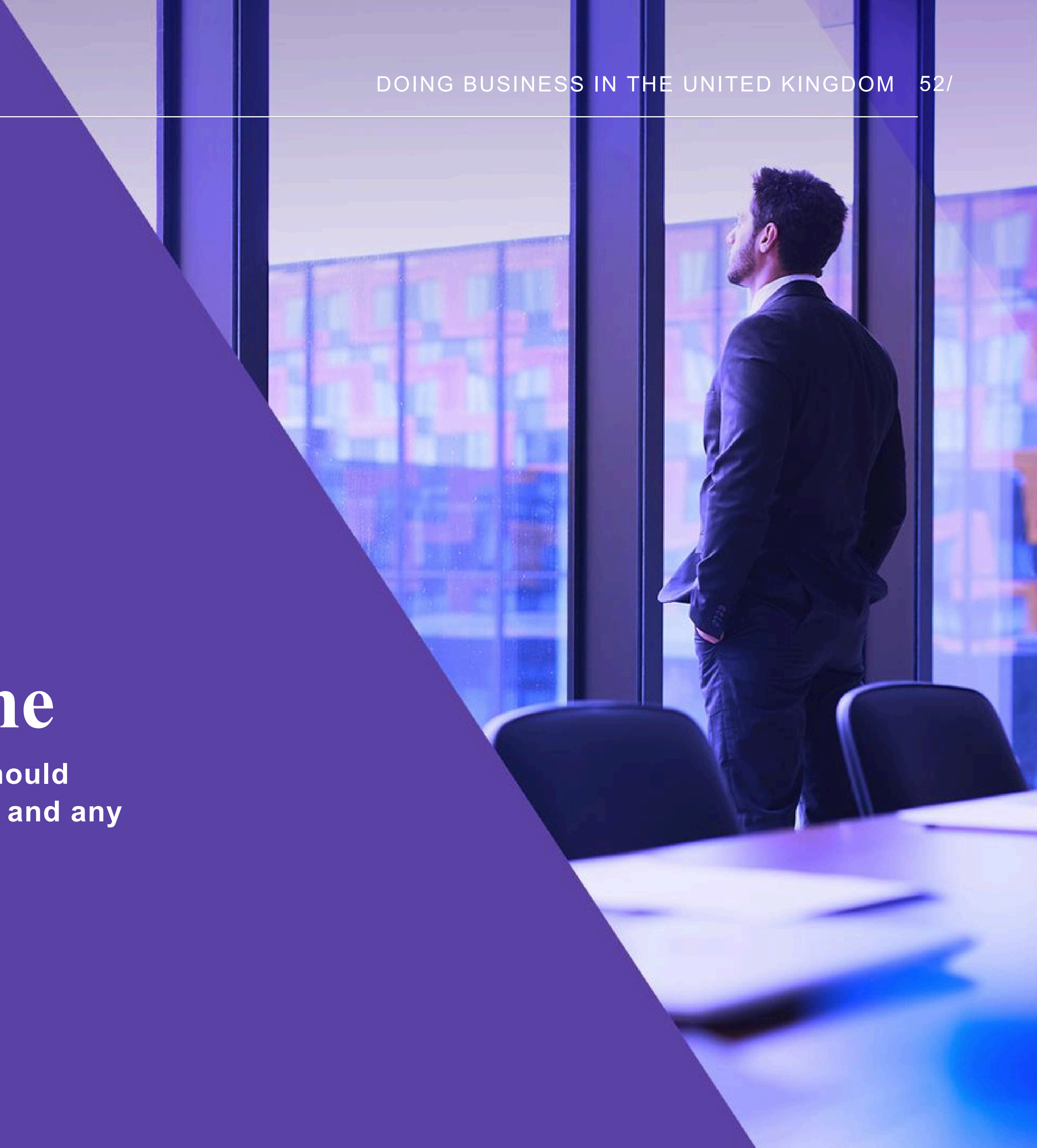
The Privacy and Electronic Communications (EC Directive) Regulations 2003 (the UK implementation of the e-Privacy Directive 2002/58) ("PECRs") also regulate the use of storage and access technologies on devices and use of personal data for telephone and electronic direct marketing purposes. Since Brexit, the UK has more scope to deviate from the EU GDPR, with proposals in recent years culminating in the Data (Use and Access) Act 2025 ("DUAA") which introduces amendments to the forementioned legislation. In some cases, the UK data protection regime has extraterritorial effect.

For the most part, the data protection regime still largely reflects the position of equivalent legislation in the EU. The UK GDPR retains the same seven data protection principles as the EU GDPR. These principles must be observed by organisations that are headquartered in the UK and process personal data, as well as organisations located outside the UK which process personal data of people in the UK in the course of certain activities (such as the offering of goods and services in the UK). UK data protection legislation also contains a number of rights for individuals, including rights to access and request erasure of the personal data that is held about them. In addition, organisations that transfer personal data from the UK to other countries may need to comply with the requirements for international transfers.

As with the EU GDPR, most obligations under the UK GDPR sit with controllers. A controller is the person or entity who determines the purposes for which, and the manner in which, personal data is processed. Unless exemptions apply, controllers are required to pay an annual fee to the Information Commissioner's Office (ICO). The ICO has authority to enforce, and issue penalties under, data protection law, however they also have an important role in producing regulatory guidance and policies to help organisations comply with their requirements.

The UK GDPR also contains provisions which apply to processors. A processor is an organisation that processes personal data on behalf of a controller. A processor may not use personal data for its own purposes. Both controllers and processors must comply with statutory duties and written contracts must be put in place between controllers and processors.

The DUAA introduces amendments to the Data Protection Act 2018, the UK GDPR and the PECRs. Amendments of note include the increase in the level of fines that can be imposed for breaches of the PECRs (to be set at similar levels to UK GDPR breaches), clarifications to the scope of subject access rights to align with recent case law, clarifications to the requirements assess safeguards for international transfers against a data protection test, the introduction of a new data subject right to complain about data processing to a controller, and the introduction of a new lawful basis for processing personal data for certain recognised legitimate interests which can be determined by further regulations from time to time. The DUAA is due to be brought into force during the second half of 2025 into 2026 and should be fully in force by Summer 2026.



Bribery & Corporate Crime

Withthis widening ofcorporatecriminalliabilitybusinesses should consider this risk when informing compliance requirements and any policies and procedures that may be needed.

Bribery, Fraud and Anti-Money Laundering

BRIBERY

The Bribery Act 2010 has provided the UK with some of the toughest anti-bribery legislation in the world. It created four types of offence:

- a general offence of paying a bribe.
- a general offence of accepting a bribe.
- a specific offence prohibiting the bribery of foreign public officials.
- a corporate offence of failing to prevent bribery.

Some of the provisions have broad international reach and hold a company strictly liable for a corrupt act committed anywhere in the world by someone performing services on its behalf. For example, a UK-based business which is undertaking a contract abroad would be subject to UK bribery legislation.

Certain limited defences apply to the offences of paying and accepting a bribe but there is no exception for facilitation payments. A business will have a defence of the corporate offence of failing to prevent bribery if it can show that it had in place adequate procedures designed to prevent bribery. UK Government guidance is available on what adequate procedures should look like, and an international standard has been issued on Anti-Bribery Management Systems (ISO37001).

FRAUD

The definition of fraud differs across the UK.

In England and Wales criminal fraud is mainly dealt with under the Fraud Act 2006. The main offences are fraud by false representation; fraud by failing to disclose information and fraud by abuse of position. That act does not apply in Scotland where fraud is a common law crime which is committed by the “bringing about of any practical result by false pretences”. The false pretence can be express or implied and may result from either positive actions (such as an outright lie) or a failure to do something (staying silent). There must be an intention to deceive or defraud and the victim must have acted in a way that they would not have otherwise done, without the false pretence, to the benefit or advantage of the person committing the fraud, or to the prejudice of the interests of another person.

There are also several different types of statutory fraud including under the Companies Acts, Insolvency Act. and the Criminal Justice and Licensing (Scotland) Act 2010

The Economic Crime and Corporate Transparency Act 2023 has introduced two significant changes making it possible for businesses to be criminally liable for fraud and other economic crimes. First, a business can be criminally liable where a “senior manager” of that business commits a (specified) economic offence while they are acting with the apparent authority of the business of that organisation. The economic crimes covered include bribery and fraud. Secondly, a new offence, of failure to prevent fraud, came into effect on 1 September 2025. The law applies to large organisations who meet two or more of the following criteria: £18m assets, £36m turnover, or 250+ employees. If such a large organisation benefits from fraud carried out on their behalf, it could be an offence, and they could be prosecuted, if they failed to have reasonable fraud prevention procedures in place. This considerably expands corporate liability for fraud in the UK.

MONEY LAUNDERING

Under the Proceeds of Crime Act 2002 (“POCA”) and the Terrorism Act 2000 (“TA”), there are essentially three "substantive" money laundering offences. A person (including an individual or a firm) commits a money laundering offence if they:

- conceal, disguise, convert or transfer the proceeds of criminal conduct or of terrorist property.
- become concerned in an arrangement to facilitate the acquisition, retention or control of, or to otherwise make available the proceeds of criminal conduct or of terrorist property.
- acquire, possess, or use property while knowing or suspecting it to be the proceeds of criminal conduct or of terrorist property.

There are three further offences, the first two only apply to those in the "Regulated Sector":

- failure to disclose that a third party has committed one of the above offences.
- tipping off persons engaged in money laundering or terrorist financing as to any investigation.
- prejudicing an investigation in relation to money laundering or terrorist financing offences.

The provisions of POCA and the TA apply to all legal persons, individual and corporate, so fines can be imposed not only on corporate entities but also on individual directors, managers and officers, who can also be imprisoned for up to 14 years.

The UK anti-money laundering (“AML”) regime details a risk-based approach to anti-money laundering compliance with prescriptive requirements around risk assessment and customer due diligence and also apply to Scotland. These requirements were extended further in January 2020 requiring even more scrutiny of a customer’s ownership and control structure and enhanced due diligence in certain high-risk transactions.

To assist the investigatory and enforcement processes involved in tackling money laundering and terrorist financing, law enforcement agencies have wide ranging powers, including enforcing disclosure, undertaking account monitoring and powers of seizure, civil recovery and confiscation.

Enforcement of Corporate Crime Across the UK

The law on bribery and corruption and the way in which it is defined, investigated and prosecuted differs across the UK. Even where legislation is UK-wide there are important practical differences in the way offences, including bribery, are investigated and prosecuted in different jurisdictions within the UK.

In Scotland, the Crown Office and Procurator Fiscal Service (“COPFS”) is responsible for prosecution of all crime, including bribery and corruption offences. Where the conduct giving rise to an offence occurs in Scotland or the accused is a Scottish company the offence will be prosecuted in Scotland.

Where the conduct giving rise to the offence occurs elsewhere in the UK or the accused is a company based elsewhere in the UK, the Serious Fraud Office and the Crown Prosecution Service will investigate and prosecute bribery and corruption.

Where the conduct is potentially across the UK, Scottish and English authorities will have concurrent jurisdiction. It will depend on the nature of the offences, including the extent of local involvement as to which authority will take the lead.

CONCERNS FOR BUSINESS - BRIBERY, MONEY LAUNDERING AND FRAUD

As well as potentially heavy fines, damage to reputation and value, companies in the UK convicted of fraud, bribery, corruption or money laundering may be debarred from tendering for public contracts.

A proactive and effective compliance program can significantly mitigate risks for businesses; reducing the risks of improper conduct occurring, detecting any bad behaviour and allowing the business to act before it becomes a problem.

Contact Us

We hope this guide provides you with a helpful summary of some of the main legal and regulatory compliance requirements for your business needs in the UK and Scotland. This is a guide to doing business in the UK but is not intended to be taken as legal advice and should not be relied on as such. Some matters may be subject to change as the UK's post-Brexit relationship with the EU evolves but these changes have not been addressed in this guide.
Should you require any further information on making a business investment into the UK please get in touch.

Peter Lawson

CHAIR

peter.lawson@burnesspaull.com

+44 (0)131 473 6108

+44 (0)7879 893 177