



Department for
Business, Energy
& Industrial Strategy



HM Revenue
& Customs



HM Treasury

Corporate re-domiciliation

Consultation on the Government's proposals

Closing date: 07 January 2022



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Contents

1	Introduction	4
	What is re-domiciliation?	4
	Why we intend to introduce a UK re-domiciliation regime	4
	Why we are consulting	5
	Consultation details	5
	How to respond	6
	Confidentiality and data protection	6
	Quality assurance	6
2	Rationale for re-domiciliation	7
	Advantages of re-domiciliation for the company	7
	Demand	7
	International precedent and trends	8
	Wider issues	8
3	Entry criteria for re-domiciling companies	9
	Ensuring adequate checks and balances	10
	Insolvency issues arising	12
	Additional powers for the registrar	13
4	Outward re-domiciliation	15
	Economic considerations	15
	Potential conditions if outward re-domiciliation were introduced	16
5	Tax	17
	Company residence	17
	Loss importation	18
	Capital gains and intangible asset base cost on inward re-domiciliation	18
	Personal taxation for the owners of companies	19
	Stamp Taxes on Shares and Securities (STS)	19
	Value added tax	19
	Other tax consequences	20
	Consultation questions	21

1 Introduction

- 1.1 The UK is a leading destination for investment and business, with a world-class regulatory and legal system, a leading financial services industry and is home to one of the world's leading financial centres. Transparent and robust corporate law and governance frameworks are cornerstones of the UK economy. The UK has a highly competitive corporate tax system, as well as an extensive network of free trade agreements, which make the UK a highly attractive place to locate a business.
- 1.2 The Government is determined to strengthen the UK's position as a global business hub and an open, competitive, free market economy. To that end, the Government intends to make it possible for companies to move their domicile to and relocate to the UK, by enabling the 're-domiciliation' of companies. This will bring the UK in line with our international peers, particularly other common law jurisdictions such as Canada, New Zealand, Australia, Singapore, and a number of US states. This consultation sets out our proposals and seeks views to help inform the development of this policy and future legislation.

What is re-domiciliation?

- 1.3 Re-domiciliation would enable a foreign-incorporated company to change its place of incorporation to the UK while maintaining its legal identity as a corporate body. This would give companies maximum continuity over business operations and substantially reduce administrative complexity compared to other routes of relocating to and incorporating in the UK.

Why we intend to introduce a UK re-domiciliation regime

- 1.4 By making it possible for companies to shift their place of incorporation to the UK, the proposals in this consultation will increase the attractiveness and availability of the UK as a destination to locate a business and in which to invest. A re-domiciliation regime will also modernise the UK's legal framework, bringing it into line with around 50 countries and jurisdictions which also have re-domiciliation regimes.
- 1.5 We expect re-domiciling firms could bring increased investment and skilled jobs as companies shift their headquarters to the UK. This would also increase demand for the UK's internationally respected professional services such as audit, accounting, and legal services, helping grow professional business services across the UK. Where companies choose to co-locate R&D functions here it also provides scope to enhance and expand the UK's innovation base. In some cases, a re-domiciliation regime could also support and develop the UK's world-leading capital markets, by making it easier for overseas companies to re-domicile and access our world leading capital markets as UK firms.

- 1.6 Introducing a re-domiciliation regime can also improve corporate governance and transparency in the UK. For a company which is already economically active in the UK but is registered abroad, changing their domicile to the UK will require them to follow the UK's high corporate transparency and governance standards, meaning better investor protections.

Why we are consulting

- 1.7 In this consultation, the Government wishes to seek views on the proposition of a UK re-domiciliation regime, noting that provisions would need to be enacted by primary legislation.
- 1.8 This consultation will be of interest to, but certainly not limited to, any UK or foreign incorporated company, multi-national businesses, business representative groups and professional services firms. The Government also welcomes views from any other interested parties or members of the public.
- 1.9 To support robust evidence-based policy making, respondents are asked to include high quality supporting evidence in their responses. Quantitative evidence, as well as real-world case studies, are particularly welcome.

Consultation details

Issued: October 2021

Respond by: 7 January 2022

Enquiries to: Email transparencyandtrust@beis.gov.uk or redomiciliation.taxteam@hmrc.gov.uk

Consultation reference: Corporate Re-domiciliation – Consultation on the Government's proposals

Territorial extent:

UK Government is responsible for the operation and regulation of business entities across Great Britain. The operation and regulation of business entities remains a transferred matter within the legislative competence of the Northern Ireland Assembly.

How to respond

Respond online at: <https://www.gov.uk/government/consultations/corporate-re-domiciliation>

or

Email to: transparencyandtrust@beis.gov.uk for responses to all questions in Chapters 1-4 or redomiciliation.taxteam@hmrc.gov.uk for responses to the technical chapter on tax issues in Chapter 5.

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

Quality assurance

This consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: beis.bru@beis.gov.uk.

2 Rationale for re-domiciliation

Advantages of re-domiciliation for the company

- 2.1 The Government intends to introduce a regime that allows companies to shift domicile to UK, through a process called 're-domiciliation'. This would enable a company to shift its place of incorporation from one jurisdiction to the UK while maintaining the same legal identity.
- 2.2 Re-domiciliation would therefore enable a company to maximise continuity of its operations while enabling it to shift its place of incorporation. Its corporate history, management structure, assets, intellectual and other property rights, contracts, and regulatory approvals will generally remain intact.
- 2.3 This would represent an easier and simpler route to what companies must do at present. Currently, it is not possible for a company to transfer incorporation to the UK and retain the same legal identity. Instead, alternative routes must be taken, which involve the creation of a new UK entity, either through transferring assets from the foreign entity to the UK one, or a new UK holding company acquiring shares in the foreign entity. These mechanisms can trigger complex, lengthy and costly administrative or regulatory issues, such as re-negotiations of contracts, or might result in complex group structures having to be maintained when they may otherwise be rationalised.
- 2.4 We also understand that existing routes may have undesirable or unnecessary tax consequences, crystallising liabilities as a result of a change of legal identity. For example, it has been suggested that the act of inserting a UK holding company above a foreign holding company via a share for share exchange sometimes crystallises foreign tax charges for shareholders in the foreign holding company, which is a barrier to creating a UK holding company for a group.
- 2.5 The Government is keen to understand the degree to which these issues currently pose barriers for firms, and how a re-domiciliation regime would help overcome these issues.

1. What do you see as the advantages of re-domiciliation compared to existing routes to relocate a company to the UK, and how material are they?

Demand

- 2.6 The Government is aware of demand for a UK re-domiciliation regime and is seeking views on how this should best be addressed. Other countries have recently introduced or plan to introduce regimes, some of which are limited to investment funds only.
- 2.7 Our intention is that a re-domiciliation regime will not be restricted to certain sectors or industries. Information on where we may see the most demand from and the type of

demand will be helpful in informing our approach to designing a re-domiciliation regime. However, it should be noted that re-domiciliation will only be possible from countries that allow outbound re-domiciliation.

- 2. From what types of companies, and from which sectors, is there likely to be the most demand for re-domiciliation to the UK, and why?**
- 3. What level of demand might the UK see from firms seeking to re-domicile?**
- 4. From what jurisdictions would companies be most likely to re-domicile to the UK?**

International precedent and trends

2.8 Re-domiciliation regimes are common internationally and establishing a UK regime would ensure we remain competitive and in line with our peers. A selection of the countries and jurisdictions that permit re-domiciliation include: Canada, New Zealand, Singapore (on an inward-only basis), several US states (Delaware, Florida, Wyoming and others), Cyprus, Malta, Belgium, Luxembourg, and (solely for investment funds) Ireland, and a number of offshore financial centres. Hong Kong is in the process of establishing an inward-only system for investment funds.

- 5. Are there aspects to other jurisdictions' re-domiciliation regimes which the UK should seek to replicate or avoid?**
- 6. What evidence is there that supports the economic benefits of countries permitting re-domiciliation?**

Wider issues

2.9 We are also interested in views on whether there are wider issues or barriers which may prevent companies re-domiciling to the UK even if the re-domiciliation regime was established. Case studies and real-life examples would be particularly helpful to illustrate any points.

- 7. Are there other administrative, financial, or other barriers that would still prevent a company re-domiciling to the UK even with a re-domiciliation regime being established?**
- 8. What should the Government consider to ensure firms in regulated industries can re-domicile to the UK?**
- 9. Do you have any wider concerns about a re-domiciliation regime that the Government should be aware of?**

3 Entry criteria for re-domiciling companies

- 3.1 The Government intends to establish a re-domiciliation regime that is open to as broad a range of companies and bodies corporate as possible, to support jobs and growth in the UK. At the same time, we need appropriate checks and criteria to ensure that we minimise any risk to the UK's reputation as a good place to do business, safeguard the UK's fiscal and economic base and protect departing countries by ensuring exiting firms are complying with relevant practices and discharging any relevant liabilities.
- 3.2 As outlined in the introduction to this consultation, the re-domiciliation of companies to the UK has the potential to bring tangible economic benefits. Re-domiciled companies will however have to abide by the same rules and standards as any other UK incorporated company. Authorisation by the relevant regulators, such as the Financial Conduct Authority and others, would also be required for firms conducting regulated activities within the UK to ensure they uphold the integrity of the UK financial system.
- 3.3 We have considered additional conditions around thresholds for economic presence in the UK. However, we believe that an economic substance test is not needed as we do not require that for domestic companies and any such conditions may inadvertently preclude a wider range of companies that the Government is seeking to attract, such as operating companies, holding companies or intellectual property firms. This position would put the UK in line with all other countries' re-domiciliation regimes, none of which require separate tests for economic presence.
- 3.4 Companies House has three separate Registrars in the UK – one for England and Wales, one for Scotland and one for Northern Ireland. Firms cannot currently re-domicile between nations while retaining their existing legal identity. The Government is not minded at present to change this, however, welcomes views on any bearing the situation may have on decisions to re-domicile.

10. The Government's view is that an economic substance test is not necessary for re-domiciliation. Do you agree?

11. Are there factors that would influence your choice of place of incorporation within the UK?

12. Will the existing arrangements that do not allow companies to move between certain UK nations have a bearing on overseas companies' decisions whether to redomicile in the UK?

Ensuring adequate checks and balances

- 3.5 The strength of the UK's business environment is founded on our robust regulatory frameworks, a key element of which are those governing corporate entities. The UK expects and has a reputation for high standards of business behaviour and corporate governance. Transparency and accountability over the use of corporate entities are essential to give business, investors, and society confidence.
- 3.6 As with all other re-domiciliation regimes, the Government is proposing a set of eligibility criteria. These criteria are designed to protect the UK tax base, ensure firms meet our high corporate governance standards and ensure liabilities are properly dealt with in the departing country, while maintaining a flexible and open re-domiciliation regime.
- 3.7 The incoming company will need to set out in a transfer case how they meet the proposed eligibility criteria as follows:

Requirement	Proposed criteria	Evidence required
Authorisation from departing country	Firms can only re-domicile to the UK if their current place of incorporation allows it and they have complied with all legal requirements in relation to the transfer of registration. This is likely to include, but not be limited to: overdue obligations, relevant creditor and shareholder notice and agreement and de-registration in the departing country.	Consent of departing jurisdiction's competent authority
Corporate form	The Government is minded to enable re-domiciliation by all bodies corporate to the extent that they are comparable with UK forms. This is unlike other jurisdictions that prescribe re-domiciliation to collective investment vehicles only.	As set out in company's constitution, which should be compatible with UK company law.
Director of good standing	Directors are eligible in their current country of incorporation and no legal or enforcement action is being taken against them. Directors will of course be required to meet the requirements of UK company law.	Confirmation from departing jurisdiction's competent authority
The application poses no national security risk and	UK authorities will have discretion to assess the application and satisfy themselves that the application is being made in good faith	At HMG's discretion

is not contrary to the public interest	(for example, that the application is not being made to evade creditors) and that it poses no other risks such as to national security.	
Registration fee	There will be a registration fee for each application to recoup the administrative costs to the Government to process and assess re-domiciliation applications.	Fee received
Reporting evidence	The firm must have passed its first financial period end and provide the relevant documentation. This is to ensure that the firm has some track record before re-domiciling to the UK.	Relevant accounts, audited where required, submitted to Registrar
Solvency	<p>Only solvent firms can domicile to the UK. The firm's assets must exceed all liabilities (including contingent liabilities). Firms must be a going concern, meaning they are able to pay debts as they fall due for at least 12 months after application.</p> <p>Additionally, firms must not be in liquidation or similar insolvency/administration event and must have no active creditor or shareholder petitions against them with regards to unpaid debt or otherwise.</p>	Declaration signed and sworn by a director of the company and independently audited in accordance with local and UK attestation requirements.
Wider impact	A report that explains the full legal and economic impacts of the transfer and the implications for creditors, shareholders and key stakeholders.	A report prepared by the company, with director attestation.

13. Do you have any views on how the regime should best ensure departing country conditions are met? Is there anything else we should consider?

14. Do you have views on our proposed approach, which would allow all bodies corporate to re-domicile to the UK, subject to the relevant entry criteria?

15. Should we preclude directors who do not have a good standing (i.e. pending court cases) from re-domiciling to the UK? If so, is confirmation from the departing jurisdiction's competent authority the best way of assessing this?

- 16. Do you have any views on our good faith criteria?**
- 17. Should it be necessary for firms to have completed a reporting period to re-domicile? What other reporting information should be provided to the Registrar or should it be able to request and is the audited accounts requirement sufficient and proportionate?**
- 18. Are the proposed solvency requirements sufficient and proportionate? If not, what would you recommend?**
- 19. The Government is not minded to prescribe a minimum turnover/size of companies that can re-domicile. Do you agree?**
- 20. Are there any other entry criteria we should consider?**

Insolvency issues arising

- 3.8 Enabling the transfer of companies from a foreign jurisdiction also imports to the UK the conduct of its directors and others with significant control. The eligibility criteria require corroboration of solvency and fitness of directors. Despite this, there is potential for abuse of the system.
- 3.9 There might be instances where companies redomicile in the UK and then enter liquidation soon afterwards. This may have the effect of defeating creditors' claims in the exporting jurisdiction.
- 3.10 The UK already has a world-leading insolvency framework and an Insolvency Service that has powers to carry out investigations on companies registered in the UK. Recognising that arrangements will differ in other jurisdictions, we are seeking views on what protections ought to be adopted for creditors of companies which become insolvent shortly after re-domiciling.

- 21. What measures ought to be adopted to ensure re-domiciliation is not used to harm creditors in other jurisdictions?**
- 22. Are there further safeguards required to prevent exploitation of UK rules, which may be more flexible and business friendly than some foreign regimes?**
- 23. The Ratings (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill makes provision for the disqualification of directors in companies that are dissolved without becoming insolvent. Is this measure sufficient for UK authorities to investigate directors of companies that have re-domiciled?**
- 24. Given investigations may be necessary what bilateral arrangements may be required with exporting jurisdictions?**

25. Are there any other matters relating to insolvency that would have implications for a UK re-domiciliation regime?

Additional powers for the registrar

- 3.11 The Government intends, when Parliamentary time allows, to legislate to improve our already high standards through a series of reforms to the Companies Register and the role of the Registrar of Companies. Re-domiciling companies would be required to satisfy the requirements introduced by those reforms. Key amongst them will be a new requirement for company directors and Persons of Significant Control (PSCs) to undergo a process of identity verification. Importantly the suite of changes will also provide the Company Registrar with the ability to challenge and query information provided to the Registrar and more freely to share that information with other authorities. We believe these elements of register reform will be complementary underpinnings to a re-domiciliation regime.
- 3.12 Our intention is that the re-domiciliation process is transparent and predictable. However, the Registrar will need to retain a degree of discretion, especially given this will be a new process and a wide variety of firms may apply. We therefore propose to give the Registrar new powers to ensure the veracity of information that re-domiciling entities provide to maintain confidence in the UK company registrar.
- 3.13 We suggest the Registrar be given the power to liaise with foreign counterparts to verify as far as possible any information submitted and to request confirmation of good standing, solvency and other information. We note that the functions of registrars vary significantly between jurisdictions, that there is not always a national registry of company information, and that there may not be a simple route to seeking assurance over the standing of the company.
- 3.14 Director duties in the UK are already robust and there are clear sanctions if the Registrar is provided with false information which will be strengthened under existing proposals for reform of Companies House. Additional sanctions will be introduced in support of the additional requirements planned to be introduced through the process of Register Reform referred to above. We do not at this stage propose introducing new sanctions against company directors specifically for re-domiciling companies.

26. Do you agree that existing protections and sanctions against director misconduct provide sufficient protection for the UK's re-domiciliation regime?

27. Do you have views, including evidence from other jurisdictions, to inform how the Registrar could seek assurance over the standing of the company before approving re-domiciliation, in order to safeguard the UK's business environment?

- 3.15 We envisage that the Registrar will be given the right to refuse an application if they are not satisfied with the level of evidence submitted. Additionally, Companies House will

have the ability to petition for the winding up of companies which fail to submit proof of de-registration in the foreign jurisdiction, otherwise submit false information or fail to meet other re-domiciliation conditions.

28. Do you agree that Companies House should have the ability to refuse an application or petition for the winding up of companies in the circumstances as set out above?

4 Outward re-domiciliation

- 4.1 Outward re-domiciliation enables companies to shift their place of domicile from their nation of incorporation to a foreign jurisdiction, provided both have compatible re-domiciliation regimes. This has benefits associated with inward re-domiciliation, such as retaining the same legal identity and maximum continuity for the business. As with inward re-domiciliation, this is currently not possible from the UK.
- 4.2 It is broadly the international norm that countries which have an inward re-domiciliation regime also allow outward re-domiciliation. This includes, New Zealand, Canada, Portugal, Luxembourg, Belgium and Switzerland, offshore financial centres, and certain US states.
- 4.3 However, countries that have introduced re-domiciliation regimes more recently such as Singapore (2017) and Ireland (for funds, in 2009) have chosen only to offer inward re-domiciliation. Hong Kong, which is currently introducing a re-domiciliation regime for funds, has also opted only to offer inward re-domiciliation.
- 4.4 The Government is considering the merits of establishing an outward re-domiciliation regime for the UK alongside an inward. Given the complexities involved in these considerations, we are interested in views on the issues below.

Economic considerations

- 4.5 The Government is committed to maintaining the UK's openness, flexibility, and international competitiveness. Introducing an outward re-domiciliation regime would bring us in line with most peer jurisdictions. It is also potentially the case that by offering outward re-domiciliation, the decision to re-domicile into the UK would present a lower barrier and be less final, and as such could help the UK attract more companies in the first place.
- 4.6 However, stakeholder demand and interest to date has focused on enabling inward re-domiciliation to the UK. The Government is carefully considering the case for outward re-domiciliation, not least because this would increase the complexity of delivering a UK re-domiciliation regime as it would require additional legislation and additional responsibilities for the Registrar. The Government would also need to consider (see next section) potential protections to guard against any unintended economic consequences.

29. Would you be in favour of the UK introducing an outward re-domiciliation regime?

30. What do you see as the economic or other benefits to the UK of allowing outward re-domiciliation?

- 31. What is your view of the economic or other risks to the UK of allowing outward re-domiciliation?**
- 32. In your view, is there a demand for outward re-domiciliation from current UK-incorporated firms? If so, which jurisdictions would they likely seek to re-domicile to, and why?**
- 33. What types of companies, and in what sectors, is there likely to be the most demand for re-domiciliation out of the UK, and why?**
- 34. Are there other administrative, financial, or other barriers that would still prevent a company re-domiciling out of the UK even with an outward re-domiciliation regime being established?**

Potential conditions if outward re-domiciliation were introduced

- 4.7 If the Government was minded to introduce outward re-domiciliation it is likely that this would come with carefully considered conditions attached, to protect against unintended consequences and risks to the UK's economic interests.
- 4.8 Such requirements could include a standardised exit fee, relatively high requirements for shareholder approval for outward re-domiciliation, and imposing a minimum length of operation in the UK. Outward re-domiciliation would also require that all fees, payments, overdue obligations, and legal disputes, are settled before the Registrar gives approval for a UK company to re-domicile out.
- 4.9 As well as a minimum length of operation within the UK, the Government would consider whether it would be appropriate to set a minimum length of time for being domiciled outside of the UK before being allowed to redomicile back in to prevent companies hopping in and out for short term gains or advantages.

- 35. What is your view on these potential conditions for outward re-domiciliation? Are there other conditions you think that the Government should require to minimise the economic risks to the UK?**
- 36. If the Government are to place a time limit on being domiciled outside of the UK before being allowed to return what would be the positives and negatives in your view? If appropriate to set a time limit, how long should this be for?**

5 Tax

- 5.1 The Government's view is that a re-domiciliation regime will bring economic advantages to the UK and enhance our global competitiveness. Alongside the design criteria outlined in previous chapters, the Government will also need to consider whether changes are required to tax law to facilitate the re-domiciliation regime. This includes protections against re-domiciliation being used as a means of avoiding UK tax.
- 5.2 To that end, HMT and HMRC are considering any tax implications of implementing a UK re-domiciliation regime and are seeking views in this chapter. For completeness these include considerations should outward re domiciliation also be allowed.
- 5.3 Responses to the questions in this chapter should be sent to HMRC at redomiciliation.taxteam@hmrc.gov.uk.

Company residence

- 5.4 Companies are currently treated as UK resident for corporation tax purposes if they are incorporated in the UK or the central management and control is in the UK, subject to being treated as non-UK resident by virtue of a double tax agreement.
- 5.5 The Government is considering whether specific legislation should be introduced for companies re-domiciling to the UK to clarify what the consequences would be on a company's tax residence status.
- 5.6 This could be similar to the legislation that existed for Societas Europaea (SE) and Societas Cooperativa Europaea (SCE) whereby prior to 31 December 2020 they were able to transfer their registered office to and from the UK under EU law.
- 5.7 SEs and SCEs which were incorporated in the UK or were incorporated in another EU Member State, and which transferred their registered office to the UK, were treated as UK resident.
- 5.8 SEs and SCEs which were incorporated in the UK could not cease to be UK resident merely by transferring their registered office out of the UK. Likewise, SEs and SCEs incorporated in another Member State which transferred their registered office to the UK could not cease to be UK resident merely by transferring their registered office out of the UK. In either case, such SEs and SCEs could only cease to be UK resident for corporation tax purposes by virtue of a double tax agreement.
- 5.9 For a company which re-domiciles to the UK, the Government is considering whether legislation should ensure that, subject to any double tax agreement, the company will:
 - Be treated as UK resident by virtue of the re-domiciliation or

- Only be treated as UK resident if the central management and control is in the UK.
- 5.10 For a company which re-domiciles out of the UK, the Government is considering whether legislation should be introduced which ensures that, subject to central management and control being outside the UK, it will:
- Cease to be UK resident by virtue of the re-domiciliation or
 - Continue to be treated as UK resident unless and until it is treated as non-UK resident by virtue of any double tax agreement.
- 37. Is clarification required as to whether a company will become or cease to be UK resident following a re-domiciliation to or from the UK?**
- 38. Which of the above options would be preferable and why?**
- 39. Are there any other options which should be considered?**

Loss importation

- 5.11 Loss importation involves non-UK resident companies becoming UK resident in order to set foreign losses against the UK profits of other group companies under the UK's group relief provisions.
- 5.12 This is a risk that already exists but could be increased if a re-domiciliation regime makes it easier to switch residence to the UK.
- 5.13 There are a number of provisions which may already prevent such practice. However, some of these depend on the loss being attributable to a trade carried on wholly abroad, the amount being deductible or allowable against the non-UK profits of another person for the purposes of non-UK tax or the company being dual resident, and such provisions may not be applicable in all cases.
- 40. Do you have any views on how material this risk is, and what additional protections might be introduced to prevent such loss importation?**

Capital gains and intangible asset base cost on inward re-domiciliation

- 5.14 When companies migrate their residence to the UK, assets that are brought into the UK corporation tax net are brought in at their market value if the migration is from an EU country.
- 5.15 The Government is considering whether those rules should be expanded to migrations of companies from non-EU jurisdictions.

- 5.16 That would be relevant to migration of residence resulting from a re-domiciliation but could also apply to migrations achieved under routes already available under UK law e.g., a change in the central management and control of a company.

41. Do you have any views on this?

Personal taxation for the owners of companies

- 5.17 As part of the proposals for re-domiciliation the Government would like to consider the impact on the personal tax liabilities of individuals, including whether any anti-avoidance measures could be needed for a re-domiciliation regime.

42. Do you have any views on the impact of the proposals for a re-domiciliation regime on personal taxation?

Stamp Taxes on Shares and Securities (STS)

- 5.18 STS consists of two taxes: Stamp Duty on paper transfers of shares and Stamp Duty Reserve Tax on electronic transfers. It is a transaction tax where the rate for both is generally 0.5%. Liability to STS arises predominantly on transfers of existing shares and securities (but not the issue of new shares and securities) issued by UK incorporated companies.
- 5.19 The Government is considering the implications of a re-domiciliation regime for STS, including whether any anti-avoidance measures could be needed for any outward re-domiciliation regime.

43. Do you have any views on the impact of the proposals for a re-domiciliation regime on STS?

Value added tax

- 5.20 VAT is due on domestic supplies of goods and on importation. For supplies of services the establishment which is the most closely concerned with the supply is generally treated as making the supplies. The place of establishment is not necessarily where an entity is incorporated. It can be a fixed establishment, such as a branch, where the human and technical resources exist to make supplies.
- 5.21 As part of developing the proposals for re-domiciliation the Government is considering the implications for VAT, including whether any additional anti avoidance measures could be needed for a re-domiciliation regime.

44. Do you have any views on the impact of the proposals for a re-domiciliation regime on VAT?

Other tax consequences

45. Do you have any views on any other tax consequences of a company re-domiciling in or out of the UK and whether any other amendments to UK tax law should be considered?

Consultation questions

- 1. What do you see as the advantages of re-domiciliation compared to existing routes to relocate a company to the UK, and how material are they?**
- 2. From what types of companies, and from which sectors, is there likely to be the most demand for re-domiciliation to the UK, and why?**
- 3. What level of demand might the UK see from firms seeking to re-domicile?**
- 4. From what jurisdictions would companies be most likely to re-domicile to the UK?**
- 5. Are there aspects to other jurisdictions' re-domiciliation regimes which the UK should seek to replicate or avoid?**
- 6. What evidence is there that supports the economic benefits of countries permitting re-domiciliation?**
- 7. Are there other administrative, financial, or other barriers that would still prevent a company re-domiciling to the UK even with a re-domiciliation regime being established?**
- 8. What should the Government consider to ensure firms in regulated industries can re-domicile to the UK?**
- 9. Do you have any wider concerns about a re-domiciliation regime that the Government should be aware of?**
- 10. The Government's view is that an economic substance test is not necessary for re-domiciliation. Do you agree?**
- 11. Are there factors that would influence your choice of place of incorporation within the UK?**
- 12. Will the existing arrangements that do not allow companies to move between certain UK nations have a bearing on overseas companies' decisions whether to redomicile in the UK?**
- 13. Do you have any views on how the regime should best ensure departing country conditions are met? Is there anything else we should consider?**
- 14. Do you have views on our proposed approach, which would allow all bodies corporate to re-domicile to the UK, subject to the relevant entry criteria?**
- 15. Should we preclude directors who do not have a good standing (i.e. pending court cases) from re-domiciling to the UK? If so, is confirmation from the departing jurisdiction's competent authority the best way of assessing this?**

- 16. Do you have any views on our good faith criteria?**
- 17. Should it be necessary for firms to have completed a reporting period to re-domicile? What other reporting information should be provided to the Registrar or should it be able to request and is the audited accounts requirement sufficient and proportionate?**
- 18. Are the proposed solvency requirements sufficient and proportionate? If not, what would you recommend?**
- 19. The Government is not minded to prescribe a minimum turnover/size of companies that can re-domicile. Do you agree?**
- 20. Are there any other entry criteria we should consider?**
- 21. What measures ought to be adopted to ensure re-domiciliation is not used to harm creditors in other jurisdictions?**
- 22. Are there further safeguards required to prevent exploitation of UK rules, which may be more flexible and business friendly than some foreign regimes?**
- 23. The Ratings (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill makes provision for the disqualification of directors in companies that are dissolved without becoming insolvent. Is this measure sufficient for UK authorities to investigate directors of companies that have re-domiciled?**
- 24. Given investigations may be necessary what bilateral arrangements may be required with exporting jurisdictions?**
- 25. Are there any other matters relating to insolvency that would have implications for a UK re-domiciliation regime?**
- 26. Do you agree that existing protections and sanctions against director misconduct provide sufficient protection for the UK's re-domiciliation regime?**
- 27. Do you have views, including evidence from other jurisdictions, to inform how the Registrar could seek assurance over the standing of the company before approving re-domiciliation, in order to safeguard the UK's business environment?**
- 28. Do you agree that Companies House should have the ability to refuse an application or petition for the winding up of companies in the circumstances as set out above?**
- 29. Would you be in favour of the UK introducing an outward re-domiciliation regime?**

- 30. What do you see as the economic or other benefits to the UK of allowing outward re-domiciliation?**
- 31. What is your view of the economic or other risks to the UK of allowing outward re-domiciliation?**
- 32. In your view, is there a demand for outward re-domiciliation from current UK-incorporated firms? If so, which jurisdictions would they likely seek to re-domicile to, and why?**
- 33. What types of companies, and in what sectors, is there likely to be the most demand for re-domiciliation out of the UK, and why?**
- 34. Are there other administrative, financial, or other barriers that would still prevent a company re-domiciling out of the UK even with an outward re-domiciliation regime being established?**
- 35. What is your view on these potential conditions for outward re-domiciliation? Are there other conditions you think that the Government should require to minimise the economic risks to the UK?**
- 36. If the Government were to place a time limit on being domiciled outside of the UK before being allowed to return what would be the positives and negatives in your view? If appropriate to set a time limit, how long should this be for?**
- 37. Is clarification required as to whether a company will become or cease to be UK resident following a re-domiciliation to or from the UK?**
- 38. Which of the above options would be preferable and why?**
- 39. Are there any other options which should be considered?**
- 40. Do you have any views on how material this risk is, and what additional protections might be introduced to prevent such loss importation?**
- 41. Do you have any views on this?**
- 42. Do you have any views on the impact of the proposals for a re-domiciliation regime on personal taxation?**
- 43. Do you have any views on the impact of the proposals for a re-domiciliation regime on STS?**
- 44. Do you have any views on the impact of the proposals for a re-domiciliation regime on VAT?**
- 45. Do you have any views on any other tax consequences of a company re-domiciling in or out of the UK and whether any other amendments to UK tax law should be considered?**

This consultation is available from: <https://www.gov.uk/government/consultations/corporate-re-domiciliation>

If you need a version of this document in a more accessible format, please email enquiries@beis.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.