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Company formation in the United Kingdom

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Company formation in the United Kingdom



Flag



Coat of arms

Common form	Private company limited by shares (Ltd) [2]
Registry	Companies House [1]
Minimum capital	None (one share is enough, often £1) [2]
Directors	1 (a natural person aged 16 or over) [2]
Local director	Not required [2]
Corporate tax	19% (profits up to £50,000) to 25% (over £250,000) [5]
VAT / sales tax	20% [5]
Typical timeline	Often within 24 hours online [1]
Tax treaties	about 130 treaties [11]
Currency	Pound sterling (GBP)

In short: To set up a company in the United Kingdom, most founders form a private company limited by shares, registered with Companies House. [1] Minimum capital: none (one share is enough, often £1). Corporate tax: 19% (profits up to £50,000) to 25% (over £250,000). Registration: often within 24 hours online (as of November 2026).

Most new businesses in the United Kingdom are formed as a **private company limited by shares**, registered with **Companies House**. Incorporation is done online and is usually completed within a day. One company covers England, Wales, Scotland and Northern Ireland, though it is registered in one of three jurisdictions.

Business structures

Most founders in the United Kingdom form a private company limited by shares, registered with Companies House. [1] Other forms are listed below.

- **Private limited company (Ltd)** – the standard choice for trading businesses
- **Limited liability partnership (LLP)** – popular with professional firms
- **Sole trader** – no company; the owner is the business
- **Community interest company (CIC)** – for social enterprises

Requirements

Minimum share capital in the United Kingdom (2026): none (one share is enough, often £1). Directors required: 1 (a natural person aged 16 or over). Local resident director: not required. [2]

- A unique company name ending in “Limited” or “Ltd”.
- A registered office address in the UK, and a registered email address.
- At least one director who is a natural person; directors do not have to live in the UK.
- At least one shareholder, who may be the same person as the director.
- Details of every person with significant control (PSC), usually anyone holding over 25% of shares or votes.
- A SIC code describing the company's activity, and a statement that it is being formed for a lawful purpose.
- Identity verification for every director and PSC (see below).

Registration process

Typical time to register a company in the United Kingdom (2026): often within 24 hours online. [1] **The usual steps are:**

1. Check the name is available on the Companies House register.
2. Verify the identity of each director and PSC, through GOV.UK One Login or an authorised agent, to get a personal code.
3. File the incorporation application online with the articles of association (the model articles are commonly used).
4. Receive the certificate of incorporation and company number.
5. Register for Corporation Tax with HMRC within three months of starting to trade, and for VAT if turnover passes the threshold.

Taxation

The corporate tax rate in the United Kingdom in 2026 is 19% (profits up to £50,000) to 25% (over £250,000). [5] **Standard VAT or sales tax: 20%.** [5]

Tax	Rate and notes
Corporation Tax	19% small profits rate up to £50,000; 25% main rate above £250,000; marginal relief in between
VAT	20% standard rate; registration required above the turnover threshold
Dividends	Paid from post-tax profits; taxed in the shareholder's hands

Ongoing compliance

Annual compliance in the United Kingdom: Every company must file an annual confirmation statement and annual accounts at Companies House, file a Corporation Tax return (CT600) with HMRC, and keep its statutory registers up to date. [1]

Recent changes

Under the Economic Crime and Corporate Transparency Act 2023, identity verification became a legal requirement on 18 November 2025. New directors and PSCs must verify before appointment, and the 12-month transition period for existing directors ended on 17 November 2026.

Double tax treaties

The United Kingdom has about 130 treaties (PwC lists around 139 treaty territories, a few of them suspended or not yet in force). A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-residents

Dividends	Interest	Royalties
0%	20%	20%

The UK levies no withholding tax on ordinary dividends (property income distributions from REITs are an exception). Interest withholding tax rises from 20% to 22% for payments from 6 April 2027. After Brexit, EU directives no longer apply to UK companies.

Treaty rates on payments from the United Kingdom

Maximum withholding tax the United Kingdom charges on payments to a company resident in each country covered by this wiki. Where several rates are shown (for example 5/15%), the lower rate applies only if conditions are met, usually a minimum shareholding, a holding period or a qualifying recipient such as a bank or pension fund. No UK withholding tax on dividends, so treaty dividend rates do not matter for UK-paid dividends.

Recipient's country	Dividends	Interest	Royalties
Cyprus	0%	0%	0%
Estonia	0%	0/10%	0%
Georgia	0%	0%	0%
Germany	0%	0%	0%

Recipient's country	Dividends	Interest	Royalties
Ireland	0%	0%	0%
Netherlands	0%	0%	0%
Poland	0%	0/5%	5%
Singapore	0%	0/5%	8%
Switzerland	0%	0%	0%
United Arab Emirates	0%	0/20%	0%
United States	0%	0/15%	0%

Rates from PwC Worldwide Tax Summaries (reviewed 23 July 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules; check the treaty text before relying on a rate.

Frequently asked questions

How long does it take to register a company in the United Kingdom?

Typical registration time in the United Kingdom: often within 24 hours online (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in the United Kingdom?

Minimum share capital in the United Kingdom: none (one share is enough, often £1) (as of November 2026).

What is the corporate tax rate in the United Kingdom in 2026?

The corporate tax rate in the United Kingdom in 2026 is 19% (profits up to £50,000) to 25% (over £250,000). See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in the United Kingdom?

Yes. There is no nationality requirement for shareholders. Local director rule in the United Kingdom: not required.

How many tax treaties does the United Kingdom have?

The United Kingdom has about 130 treaties (PwC lists around 139 treaty territories, a few of them suspended or not yet in force). It has a treaty with each of the other 11 countries whose treaty rates this wiki tabulates.

What withholding tax applies to dividends paid from the United Kingdom?

The United Kingdom charges no withholding tax on dividends under domestic law. See the treaty table in the Double tax treaties section.

Do I need to live in the UK to be a director?

No. Directors can live anywhere, but every director must be a natural person aged 16 or over and must verify their identity with Companies House.

Can I use my home address as the registered office?

Yes, as long as it is in the UK and documents can be delivered there. Remember that the registered office address is shown on the public register.

What is a person with significant control (PSC)?

Usually anyone who holds more than 25% of the shares or voting rights, or who otherwise controls the company. PSC details are recorded on the public register.

Official registries and resources

- Companies House
- Set up a limited company (GOV.UK)
- Search the Companies House register
- Verify your identity for Companies House
- Corporation Tax (HMRC)

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in Germany
- Company formation in Poland
- Company formation in Ireland
- Company formation in the Netherlands
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

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