

LONDON

A LEADING DESTINATION
FOR HEADQUARTERS

LONDON®
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The number one city for international HQs

London is a vibrant city of opportunity that welcomes international companies looking to grow and expand.

London hosts forty per cent of the European headquarters of the world's top companies¹, and according to PwC, London is the world's leading 'city of opportunity'²

The reasons for London's attractiveness are clear.

Business environment – Take advantage of a competitive corporate tax regime, including tax relief, credits and deductions, as well as R&D incentives.

Market – A London HQ puts Europe on your doorstep. It also places you at the centre of the time zone map, so your office hours overlap with those countries that account for 99% of the world's GDP.

Talent – London offers access to the world's best talent, both in terms of a large, highly educated domestic talent pool and London's ability to attract the best talent from overseas.

Lifestyle – London is the leading destination for professionals and the most desirable city in the world to relocate to. Along with work and education opportunities, London's choice of residential areas, green space, history, heritage and culture contribute to its enviable lifestyle.

As London's official promotional company, dedicated to helping companies realise their global ambitions, we look forward to making sure that you succeed in this extraordinary world city.

1 Analysis by Deloitte shows that of the Top 250 companies (the largest 250 companies in the 2013 rankings of the Fortune Global 500) with global or regional headquarters in Europe, 40 per cent are located in London

2 Cities of Opportunity, PwC, 2014

The financial case for London

In terms of foreign direct investment (FDI), London is Europe's leading city says **Jennifer Wytcherley**, Tax Director at EY.

Working with businesses around the world, we see first-hand the opportunities that London can offer today's growing organisations.

EY's annual UK attractiveness survey confirms this with London securing a 43% share of all projects coming to the UK and remaining the single most important regional location for FDI in the whole of Europe.



2015 EY UK attractiveness survey

In terms of FDI projects, London is not only the most important location in the UK but also the most important location in Europe.

Although in 2014 the English regions recorded their best performance since 1998; London recorded 381 projects and Belfast the next most important UK location 29 projects, which clearly demonstrates the scale in the difference of activity.

Software and business services are the most important sectors in driving FDI in to London. Software has made up 27.5% of projects in London over the last decade.

London is ranked fifth in the world of cities with potential to create the next Google.

For many reasons London is an attractive location for headquarters projects, holding companies and global business hubs.

It has a favourable time zone for global business and fast and effective transport links to the rest of the world.

It is considered relatively quick and easy for overseas businesses to register a company in the UK, set up banking facilities and start trading here. As stated in the Government's *Guide to UK Taxation*, 'the UK is known for its commitment to the modern international principles of fair and open trade, its world-class business infrastructure and certain key tax features which encourage investment from overseas.'

The UK has a highly competitive corporate tax system which serves as an incentive for investment, and helps to position the UK as one of the best places in the world to locate an international business.

According to our research (2015 Budget Survey), two-thirds of respondents indicated that the tax system is more competitive than five years ago. It is perhaps no surprise that the current 20% rate of mainstream corporation tax, currently the lowest in the G7 and joint lowest in G20, is considered to be a significant benefit for the UK.

Tax incentives for headquarters and holding companies

As far as international activities are concerned, the UK has a broadly territorial tax system, which focuses on taxing profits earned in the UK through such features as dividend exemption, elective branch exemption and a reformed Controlled Foreign Company regime.

The level of interest in UK inward investment transactions has led to the creation of a specific team within HMRC dedicated to supporting such transactions. The Inward Investment Support team effectively fulfils the role that the Customer Relationship Manager would play for an established UK business.

Many inward investment transactions change the footprint of people, functions and risks across countries within a global group. This means that certainty around transfer pricing treatment is a key part of many transactions. Groups can also proactively engage with HMRC to demonstrate that no notification is required under the new diverted profits tax rules, which are an anti-avoidance measure aimed at contrived arrangements by multinational companies.

100 

The UK has one of the largest networks of double tax treaties in the world, covering over 100 countries.

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The UK is known for its commitment to the modern international principles of fair and open trade.

In terms of withholding taxes, there is no withholding tax on dividends paid by UK companies, except for Real Estate Investment Trusts, regardless of the location of the recipient. The UK has one of the largest networks of double tax treaties in the world, covering over 100 countries, which reduce withholding taxes on interest and royalties, in many cases to zero. In addition, the EU Parent Subsidiary Directive exempts EU source dividends from withholding tax.

To assist with corporate restructuring, the UK has an exemption from tax on those capital gains arising on the disposal of ten per cent or greater shareholding in a trading company, provided that the selling company is a member of the trading group and the shareholding has been held for at least a year.

Finally, the Statutory Residence Test for individuals ensures certainty for those with complex living and working arrangements, and the UK does not have a wealth tax.

Incentives for innovation

London has become one of the destinations of choice for creative and high-tech industries. The Government recognises that investment in research & development (R&D) and innovation will stimulate economic growth, and has therefore introduced significant tax and non-tax incentives to support innovative companies.

These incentives include research & development (R&D) tax incentives, cash grants, a Patent Box scheme and incentives for capital investment.



Patent Box regime

The Patent Box provides an additional incentive to develop, commercialise and retain innovative patented technology in the UK:

- » Effective 10% rate of corporation tax on relevant income generated from products incorporating patented features.
- » Where a company does not own the qualifying IP right, it may still benefit from the Patent Box if it holds an exclusive licence in respect of it (or in certain other group scenarios).
- » Only one patented feature is required for all income derived from sales of a product to fall within the scheme.
- » Worldwide revenues may qualify.

R&D incentives

Attractive incentives are available for qualifying R&D expenditure. The definition of R&D for tax purposes extends beyond the traditional understanding, and is broad in nature with no restriction on the type of industry or sector that will be eligible for the relief:

- » For small and medium-sized companies, an enhanced revenue deduction of 230% is available on qualifying expenditure, and where this results in a trading loss, a cash refund can be claimed.
- » For large companies, a taxable credit of 11% is available, and can also lead to a cash repayment in the absence of taxable profits.
- » Expenditure incurred in relation to tangible capital assets, used in the R&D process, can receive a 100% writing down allowance.

Cash grants

There are a number of grant schemes available in the UK, including **Innovate UK**, which commits around £0.5 billion annually through nearly 100 competitions in a wide range of sectors, and **Horizon 2020**, an EU grant offering around €79 billion in cash grants, as well as other regional grants.

Capital investment

Tax relief is available for expenditure on qualifying capital investment, which can also be more attractive when investing in environmentally sustainable assets, which can further accelerate relief.

The strong financial case, together with London's multicultural workforce, a vibrant and creative culture and a thriving entrepreneurial spirit, all adds to the ease of doing business. It truly is leading the way for world-class talent and fast growth businesses.

www.EY.com/UK/London

The content of the article is based on current law, final temporary or proposed regulations in force at the date of the article, and may be subject to change after the publication date of this brochure.

London: A gateway to the world

London brings you closer to new and existing customers across the UK, Europe and the world.



An international trading city

Headquartering in London situates your business alongside established multinational companies, world leading institutions and global brands; forty per cent of the world's top companies with a regional or global HQ in Europe are in London.³

As an international trading city with a high concentration of headquarters and corporate functions, all in close proximity, London offers unrivalled access to key decision makers and global businesses. Home to a leading professional and financial services cluster, the sector generates £74 billion to the economy and employs 692,500 people.⁴

Adding to its credentials, London was voted the world's most influential city by Forbes,⁵ ranked the leading city of opportunity by PwC,⁶ and recorded more incoming FDI projects than any other European city in 2014.⁷

Access Europe

A London HQ provides your company with easy access to the markets of the 31 members of the European Economic Area (EEA). The EEA is the world's largest single market worth \$18.98 trillion (GDP) and consists of over 500 million consumers.⁸

The UK will have a referendum before the end of 2017 to determine whether the UK should remain in the European Union. This forms part of the UK Government's overall policy to achieve reform within the European Union and enhance competitiveness throughout the EEA.



London simply is the centre of the world and the best place to build a global business. From here I can fly to California, Hong Kong... I can go anywhere. You can connect to Europe within two hours and be in touch with the rest of the world.

Taavet Hinrikus

Founder, Executive Chairman,
Transferwise

3 www2.deloitte.com/uk/en/pages/growth/articles/london-crowned-business-capital-of-europe.html

4 www.thecityuk.com/financial-services-uk/uk-by-region/london

5 The World's Most Influential Cities, Forbes, 2014

6 Cities of Opportunity 6, PwC, 2014

7 fDi Markets by Financial Times, as of 16th December 2014

8 World Bank data, 2014



London and the UK market

The UK offers a significant market: in total, 64.5 million people make up the world's fifth largest economy;⁹ online spending in the UK reached £104 billion in 2014, making it Europe's largest e-commerce market;¹⁰ London's 8.3 million inhabitants have the highest disposable household income in the UK.¹¹

139m 
air passengers a year¹²

£14.8bn
to build Crossrail,
London's new
railway line 

344 
global destinations
from six airports

Connectivity and transport

Thanks to six airports and far-reaching high-speed rail links, London is already the leading gateway to Europe. But what sets London apart is its continued investment in faster, more extensive transport networks, enabling international companies to expand and prosper.

Capacity increases each year at London's airports. 211 routes¹³ provide direct access to Europe's inhabitants, and puts every principal city within two hours of your London HQ.¹⁴

London's trains are also pushing further afield. Eurostar operates high-speed services between London, Paris, Brussels and Lille, and links directly into the continent's TGV network. Eurostar's faster e320 trains launch at the end of 2015, and new services to Antwerp, Rotterdam and Amsterdam come on stream in 2016.

invest.london

9 World Bank data, 2014

10 IMRG Capgemini e-Retail Sales Index

11 Office for National Statistics

12 Grow.London: grow.london

13 Official Airline Guide, October 2013.

Flight data is correct as of October 2013

14 europa.eu/about-eu/facts-figures/living/index_en.htm

London flies to the furthest corners of the globe¹⁵



“
London office hours overlap with those countries that collectively account for 99% of the world’s GDP.”

A hub for global talent

London attracts global talent. **James Webb**, Managing Director at recruitment agency Propel London, explains why.



“

One of the big factors was attracting international talent, which we'd never have got if we'd based ourselves somewhere else.

David Quantrell
Senior VP EMEA, Box

London is the world's number one preferred relocation destination for professionals¹⁶ and the globe's most popular city for those considering working abroad.¹⁷

Also, Deloitte rates London as Europe's leading centre for high-skill employment¹⁸ with 60% of the inner London working-age population holding a degree.¹⁹

The city's allure and success lies in its fast-moving business, education and innovation environment, which in turn attracts a multilingual, culturally diverse and technology-led workforce.

As a prospective London employer, all these factors will make it easier for you to relocate staff and attract some of the best local and global talent.

Find people who speak your language

With **233** languages spoken,²⁰ London's doors are wide open to companies looking to grow globally.

Tap into a rich knowledge base

You can find candidates from a working-age population of **5.3 million**,²¹ of which **1.5 million** are skilled in knowledge-based sectors, including digital, advertising, banking and management consultancy.

Hire top graduates

London is home to four of the world's top **40** universities, more than any other city.²² You can recruit from the **382,610** undergraduate students and **141,120** postgraduates studying in 2013–2014.²³

Access skilled talent

London is Europe's leading centre for high-skilled employment²⁴, with **60%** of the inner London working-age population holding a degree.²⁵

propellondon.com

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London beat every other city in the survey as a work destination, with almost one in every six foreign job seekers saying they would consider relocating there.

Boston Consulting Group's Decoding Talent Survey 2014, which consulted more than 200,000 people across 189 countries.



Flexible employment laws

The UK's favourable labour laws mean your company can grow flexibly, adjusting staffing levels as needed.

Use:

Permanent contracts

for full- and part-time staff.

Fixed-term contracts

for shorter-term employment needs.

Temporary staff

, hired through

agencies, to fill short-term labour gaps.

Self-employed freelancers

,

consultants and contractors for ad hoc engagements.

Internships to find graduates looking to gain work experience.

Apprenticeships to secure staff supported by government grants.

- 16 Professionals On The Move, Hydrogen Group, 2014
- 17 Decoding Global Talent, Boston Consulting Group, 2014
- 18 London Futures, Deloitte, 2014
- 19 Graduates in the UK Labour Market Office for National Statistics, 2013
- 20 Language Capital: mapping the languages of London's schoolchildren, Eversley et al, CILT, 2011
- 21 Labour market statistics, ONS, 2013
- 22 Times Higher Education Rankings, 2014
- 23 HESA student data 2013/2014
- 24 Cities of Opportunity, PwC, 2014
- 25 Office for National Statistics, 2013

Finding the right London office address

West End and City offices offer all the benefits of a central location, but new arrivals should also consider London's lower-cost emerging quarters says **Katie Kopec**, Development Consulting Director at JLL.



Explore 'new London'

Thanks to huge investment, new entrants can choose from the broadest ever range of business addresses across London.

International HQs have typically been located in the core West End and City markets. However, upgraded transport infrastructure and new business, retail and residential quarters have transformed connectivity and amenities in areas such as Stratford, Greenwich, Whitechapel, Croydon and Vauxhall — where it's possible to find office space at half the rental cost of London's prime business districts.

From speaking to occupiers like you we know that the biggest single factor driving demand for office space is access to talent and skilled labour. To meet this demand, London's upgraded transport network is radically re-drawing the commercial office map: hundreds of thousands more workers are now connected to business districts across the city.

Secure a London address now and transport, housing and business services will be in place by the time you are ready to launch your HQ.

To find out more, visit **grow.london**, a joint piece of research between London & Partners and international real estate consultancy JLL. You can use this tool to pinpoint the best location for your HQ, exploring London's demographics, new transport links, emerging districts, sector hubs and house prices.





Finding the right business location in London

Move next door to young talent

Recruit world-class graduates by selecting an area close to academic institutions specialising in your field. Imperial College London excels at science and technology, City University is renowned for financial management and law, and some of the world's best creatives graduate from the Royal College of Art.

Explore transport links

Should you be close to Heathrow, one of the world's busiest airports, or is access to other UK cities from mainline train stations such as Paddington, Liverpool Street and Waterloo more important? Locate close to St Pancras International for regular train services to Paris and across mainland Europe.

Fix your budget

Choosing an area a few stops down the train line from established West End and City locations could halve rental costs. Consider heading east to Stratford and the Royal Docks, south to Vauxhall and Croydon or west towards Hammersmith and Ealing.

Find the right ecosystem

Where are your clients and what kind of support services do you need? Sector-specific clusters are thriving across London including financial services in the City and Canary Wharf, digital in Tech City, life sciences along Euston Road and film production in Soho.

grow.london

Which postcode for you?



Which postcode for you?

Will your London HQ be a pioneer, mid-market player or traditionalist?

	Pioneer	Mid-market player	Traditionalist
Character	Emerging districts benefiting from current and future infrastructure investment.	Recently regenerated inner London quarters with most amenities and transport already in place.	Established 'de facto' address for businesses in your sector.
Why here?	Lower costs; bigger capacity.	A reassuring address with potential for growth.	Your clients insist you are here.
Districts	Vauxhall, Nine Elms, Croydon, Greenwich, Stratford.	Hammersmith, King's Cross, Paddington, Waterloo.	City, Canary Wharf and West End; Mayfair, Soho, St James's and around.

Most desirable city to live and work in

London is considered to be one of the world's most appealing cities in which to live, work and play.



Full of culture, history and heritage, London is the number one choice for international relocation for professionals.²⁶ London is both a great place to work and live.

Overseas staff have a wide choice of places to live, from trendy city-centre apartments close to the West End to large family houses with gardens in leafier districts such as Clapham, Fulham and Dulwich.



In total, there are 3,183 schools in London, spanning nursery, primary, secondary, special and independent schools, city technology colleges and academies. For those looking for internationally recognised education providers, London is home to 40 international schools, 22 schools offering the International Baccalaureate and four of the world's top-40 universities.²⁷



Along with the choice of residential areas and educational opportunities, London's history and heritage, unrivalled culture scene and green spaces all contribute to a desirable lifestyle for families and professionals.

Heritage and history

Londoners enjoy thousands of years of living history as part of everyday life. En route to the office, workers take landmarks such as the Tower of London, the Houses of Parliament and St Paul's Cathedral in their stride, while Hampton Court Palace, Kew's Royal Botanic Gardens and Greenwich Park provide excursions for days off and weekends.

The great outdoors

To unwind, escape to one of the city's 143 parks and gardens or hop on cruises along the River Thames for a new angle on riverside landmarks such as Big Ben.

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Relocating from Chicago to London gave me access to a vibrant arts scene, rich culture and fascinating heritage that stands apart from other European cities. Working here has given me a unique lifestyle that I simply wouldn't have found somewhere else.

Carolyn Kaiser

Facilities and Operations Manager, Europe,
William Blair International, Limited

26 Decoding Global Talent, Boston Consulting Group, 2014

27 Times Higher Education World Reputation Rankings, 2014

Culinary capital

With cuisine from 70 different countries²⁸ in around 8,000 restaurants,²⁹ including 62 with Michelin stars, your staff can dine out every night for 22 years and never go to the same eatery twice. They can take in the entire city from The Shard – western Europe’s tallest building – or descend to the Underground Supper Club for dinner in a train carriage.

Museum members

Londoners take up memberships of cultural institutions such as the Victoria and Albert Museum and Tate Modern to access previews, parties, discounts and even sleepovers.

Putting on a show

While West End shows such as The Book of Mormon draw in visitors, Londoners head for productions at the National Theatre and the Young Vic, Sadler’s Wells for dance, and to the London Coliseum and Royal Festival Hall for concerts. For an edgier mix of live gigs, locals head north to Camden, south to Peckham and Brixton and east to Shoreditch.

Sporting capital

London is spoilt for world-class sporting venues including Wimbledon (tennis), Lord’s (cricket), Twickenham (rugby) and Wembley (football), and the glorious Queen Elizabeth Olympic Park, with its aquatics centre, velopark and hockey and tennis facilities.





8,000 

Cuisines from 70 different countries
in around 8,000 restaurants

143 

To unwind, Londoners escape to
the city's 143 parks and gardens

28 London & Partners, IBISWorld

29 Based on a report done by Regeneris Consulting in 2010

London & Partners can help you set up your headquarters in London

We are here to help you:

1 Create a **robust business case** for setting up a London HQ

return on investment planning | intelligence | markets | customers | suppliers | labour and recruitment | infrastructure | property | legislation | tax

2 Find the **best location**

office space | established and emerging districts | ecosystems | clients and customers | labour pools and language skills | business support services | housing | schools | amenities | property experts | office fitters | architects | IT and communications specialists

3 **Relocate staff and recruit the best people**

local and global recruitment agencies | graduate hotspots | visas | work permits | salary benchmarking | senior executives | middle management | administration | training funding | employment practice and law

4 **Plan access** to the UK and the rest of the world

air links | rail connections | infrastructure investment | population benchmarking | opportunity analysis | partner and supplier identification | market entry strategy

5 **Build your partner network**

events | property experts | public sector | private sector | central government | local government | policy-makers | lawyers | bankers | insurers | accountants | marketeers | industry clusters

6 **Enjoy London life**

finding a home | renting and purchasing | schools and colleges | culture | entertainment | new London locations

Disclaimer

The content in this document is intended for general guidance only. Action should not be taken without seeking professional advice. No responsibility for loss by any person acting or refraining from action as a result of the material in this document can be accepted and we cannot assume legal liability for any errors or omissions this document may contain.

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business@londonandpartners.com
+44 (0)207 234 5800

www.invest.london

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