



How to expand overseas successfully

Helping private businesses plan,
manage and grow



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Are you set up for success?



Growth through expanding your operations overseas is really exciting but can also be risky especially if this is the first time for you and your business.

You may be looking to export to access new customers, setting up a joint venture or strategic partnership, acquiring a business or growing organically. Whatever your reasons this guide will help you set up for successful expansion overseas.

To start there are some tough questions private businesses must ask themselves to prepare for the complexities of expansion into new markets.

- Do you have the capacity in your business to invest the time and capital required for international expansion?
- How will international expansion impact your home business?
- Do you have the support of your team?

Your strategy

What do you want to achieve?



Knowing the specific aim of your new venture will be key to developing the correct structure and strategy for your plans but also give you a clear set of factors to judge your performance against.

Questions to ask yourself and your management team:

- Is this a short or long-term proposition for your business?
- Is your aim to increase the competitiveness of your business?
- Are you buying a new company?
- Are you entering into a joint venture?
- What is the future of the enterprise?
- How will stakeholders extract value?

Does this fit with your existing business structure?



It is important for you to take stock of how the addition of new market activities will affect your overall company structure moving forward.

Questions to ask yourself and your management team:

- Have you thought about this new venture in its entirety?
- How many staff will be required to run it and where will you find them?
- Where will the intellectual property be held?
- How will it be funded and how long can you fund it for until it becomes cash generative?
- What projected profits/growth will make it successful?

Legal and Tax considerations

What are the legal implications?



Different forms of new market entry – a representative office, branch or company partnership – have different legal implications and disclosure requirements for a business and its owners, and the way the new venture is set up must reflect this.

It's important to research and grasp the impact of all legal regulation surrounding your proposed new venture, to help you weigh up the options.

Questions for your legal team / advisors:

- What due diligence will you need to do for a successful launch?
- What is the framework for creating your new entity in a foreign market?
- How will the company operate and who will hold ultimate responsibility for its actions?

How do you go about it?



The first step is to understand the legal registration requirements for setting up in overseas markets.

Questions to ask your Company Secretary:

- What will be the minimum share capital needed to operate?
- What is the trading name for your new venture?
- What will be the role and responsibilities of all shareholders, directors and company officers?
- Will changes be required to memorandum or constitution documentation?

What are the tax implications?



Entry into overseas markets can bring considerable complication in terms of taxation and the effective management of financial responsibility not to mention supply chain complexities. There will be more complicated VAT/GST compliance and you will need to dedicate sufficient time and resource to support this.

Additional requirements include:

- Customer and import duty planning,
- Correct documentation to support transfer pricing,
- Good understanding of your liabilities in terms of international reporting, and
- Awareness of any future withholding of tax requirements, the claiming of treaty relief and the claiming of double tax relief.

What else?



It is important for you to take stock of how expansion will affect your overall company structure moving forward.

Considerations for finance, legal, risk and HR teams:

- Registration for corporate income tax,
- Payroll tax and VAT/GST,
- Legal registrations (environmental or data protection, etc)
- Business insurance
- Work permits/immigration status for staff

Operational considerations

What do you know about the local culture?



It can be easy to underestimate the challenges of operating in countries with different cultures and languages. Understanding whether 'yes' can mean 'no' may help you avoid some sleepless nights.

Establish a credible source of local knowledge:

- How will you find and attract the right talent locally?
- Who are the local competition?
- Who are your potential customers and how will you get to know about them?
- How different is local business etiquette to your own?

What are the operational implications?



In addition to strategic planning, there are nitty-gritty operational issues to consider too. For instance, cash management and treasury function, global tax strategy and risk management.

Questions for finance, legal and risk teams:

- Have you considered the impact of this venture on your cash management and treasury function?
- What is your global tax strategy?
- How will this impact your risk management?
- What will your new requirements be for the preparation of management accounts and annual reporting in line with industry guidelines for all the countries you will be operating in?
- Will your company secretarial / legal compliance and audit requirements change?

Exit strategy

How will you leave?



One factor that many organisations fail to consider when planning to enter new markets is how they will wind down their overseas operations when they have come to the end of their useful life.

Understand what measures will need to be taken to exit the market:

- What are the statutory obligations following the decision to cease trade?
- How much time and cost will it take to close an overseas office / business?
- What issues could impact the strategy / timing of the exit?

We can help



Entry into any new market can be fraught with stress and complication and getting it wrong can be costly; but effective planning and preparation can make this considerably less risky. There really is no substitute for in-depth planning and research.

We've helped many private businesses consider the options and implications, plan, and realise their ambitions. Our experience, in-house legal team, country desks and global network across 157 countries means that no matter where, we have experts on the ground who we can call on to help.

If you need a guide to expanding your business overseas, our teams are ready to join you on your adventure.

We get you want someone with you for the journey.

#WeareyourPwC

Across the country, we work with private companies to help them solve important problems and achieve their growth potential.

To find out more, [get in touch](#), and one of our team will contact you shortly.

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