

Doing Business in the UK

21 October 2026



fladgate

Our expertise

We have a broad skills base that covers a wide spectrum of legal services which are arranged into four main offerings:

Corporate

Including capital markets, M&A, tax, venture capital, private equity, restructuring, immigration, employment and commercial.

Dispute resolution

Including commercial litigation, fraud, IP, international arbitration, insurance, restructuring, family and private wealth disputes.

Real estate

Including corporate real estate, investment, development, planning, construction, real estate finance, tax and real estate litigation.

Funds, finance & regulatory

Including funds, finance, regulatory, debt finance, financial services and real estate finance.

We have developed focus and strengths across a number of particular sectors including:

Energy & Renewables | Real Estate | Technology | Betting & Gaming | Construction & Engineering | Financial Services | Fintech | Hotels | Insurance | Leisure | Life Sciences & Healthcare | Media | Professional Practices | Projects & Infrastructure | Retail | Sports & esports

Although Fladgate is based in London, we advise on an international basis, with our **clients operating across the world**. We have a number of **international desks** which focus on different jurisdictions, including Canada, the US, Europe, APAC and the Middle East. We combine a detailed understanding of local markets with a highly personalised, partner-led approach to deliver solutions and practical advice. We also co-ordinate and manage international law firms, acting as a conduit for our clients, ensuring they benefit from a seamless experience.





Israel

Fladgate has long-standing and widely acknowledged expertise in acting for Israeli companies and individuals seeking to expand into the UK market.

Our dedicated Israel team comprises a number of fluent Hebrew speakers, together with dual qualified lawyers, all of whom have in-depth legal and commercial knowledge of the Israeli and UK markets. Our track record of promoting bilateral trade between Israel and the UK spans 30 years.

We have a long history of acting for Israeli companies raising equity through listings on the London Stock Exchange's Main market or AIM.

On the private side, we act for Israeli and Israel-related businesses looking to expand into the UK, whether by way of setting up here or acquiring UK-based companies and businesses. Our commercial team advises Israeli and other overseas businesses in partnering with UK based corporates and institutions. Our employment, immigration and tax teams are also at hand to assist with the set up in the UK.

Our real estate team has advised extensively on transactions of all types and sizes for Israeli investors including pension funds, corporate bodies and private individuals. Our tax group underpins these property transactions by providing a wide-ranging tax advisory service including pre-sale and acquisition structuring, stamp duty, stamp duty land tax and VAT.

Our private capital team advises trustees with Israel-resident trust beneficiaries and Israel-based companies and individuals on structuring their acquisition of UK and worldwide assets appropriately. We advise on all aspects of the retention and transfer of family wealth within the UK and on related UK taxes, such as UK inheritance tax, capital gains tax and the annual tax on enveloped dwellings. In addition, we are often instructed to deal with the estates of deceased family members who hold assets in multiple jurisdictions, including the UK and Israel.

Introduction

Despite a challenging macro-economic backdrop, the United Kingdom continues to thrive as one of the world's leading global financial centres. As a location for business and investment, the UK provides a number of compelling advantages, including a competitive environment and access to a highly skilled workforce, underscored by a stable legal and regulatory landscape.

The UK provides firms with the ability to do business east and west within the same working day and as a result, is an important market for corporates and SMEs to expand into Europe, the US and Asia. Comprising the world's most internationally connected financial markets, international thought leaders, a diverse workforce and a globally understood rule of law, the UK remains a leading location for entrepreneurial individuals and businesses with an international outlook.

This presentation offers an overview of key legal aspects of conducting business in the UK. It is meant as an introduction to the UK marketplace and does not offer specific legal advice. The presentation describes the law currently in force in England and Wales. Statutes, regulations, and rules are subject to change.

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Legal jurisdictions in the UK

- England and Wales
- Scotland
- Northern Ireland

Very similar law in most commercial areas (e.g., company law and tax). Significant differences in some areas (e.g., real estate).

Types of business entity

- private limited company
- public limited company (PLC)
- a branch (so-called “UK establishment”)
- limited partnership
- general partnership
- limited liability partnership

Other ways to expand into the UK

- entering into a joint venture
- M&A - acquiring an interest in a company or a business
- Engaging commercial agents or appointment of distributors

The choice of structure is likely to be influenced by taxation considerations and business needs.

Formation of a company

The majority of English companies are private limited companies. Incorporation is straight forward and can be done online at Companies House.

PLCs are mainly incorporated where the intention is to list on a stock exchange. Setting up a PLC involves additional requirements, which do not apply to private limited companies.

Key requirements – private limited company

- Articles of association – a company's constitution. Model articles can be used, with or without modification.
- Share capital
 - Usually made of shares that have been issued and allotted to shareholders. Shares can be held in treasury.
 - Each share will have a nominal value. There is no minimum nominal value. Shares cannot be issued for less than their nominal value but can be “partly paid” where the payment is in stages. The share capital may be in any currency, for example euros (€), or it may be made up of various currencies.
 - Shares can be of different classes.
 - No requirement to state authorised share capital in the articles, but shareholders' authority may be required to issue additional shares or disapply pre-emption rights.
 - No tax payable on the issue of shares or by reference to the level of capitalisation.

- Company name
 - must end with the word “Limited” or the abbreviation “Ltd” except where exempt.
 - The proposed company name must not be the same as any existing company name, nor a name likely to mislead or cause offence, criminal name, name that may suggest a connection with the government or a local authority or a name containing certain specified “sensitive” words.
- Directors
 - A private limited company must have at least one director who is an individual. Directors may be of any nationality.
 - Since 18 November 2025 identity verification is now mandatory:
 - new directors need to verify their identity to incorporate a company
 - existing directors and PSCs must verify their identity with their next confirmation statement - transition period ends on 17 November 2026, after which Companies House will start compliance action against those not verified
 - a director may not act unless their identity is verified
 - A private limited company has no obligation to appoint a company secretary (but a PLC has).
- Appropriate registered office in England
- Appropriate email address.
- Accounting reference period - normally 12 months. Initially calculated from the date of incorporation to the last day in the calendar month, one year from the date of incorporation. This can be changed, subject to certain conditions.
- Special approval requirements for a company
 - Running a business in the UK may require certain trading licences or other approvals.
 - For example, businesses in the banking, financial services, pharmaceuticals, and gaming sectors are subject to specific regulatory oversight.

Establishing and operating a branch (UK establishment)

- A branch is an extension of a foreign company, not a legal entity in its own right.
- An authorised person appointed to run the branch can enter into transactions with third parties in the foreign company's name.
- Registration requirements – to be completed within one month from opening the UK establishment.

Limited Liability Partnership

- A hybrid between a company and a partnership – currently taxed as a partnership but has limited liability.
- Particularly popular with professional service providers (e.g. lawyers and accountants) and in the fund and asset management sector.
- Registered at Companies House; governed by an LLP agreement.
- Not widely used for commercial trading businesses.

Partnerships and Limited Partnerships

- Foreign nationals may establish a partnership in England.
- General partnership - partners have unlimited liability.
- Limited partnership (LP).
 - LP has no legal personality of its own.
 - Partners, provided they are not involved in managing the LP, have limited liability.
 - Must have at least one general partner, whose liability is unlimited. The general partner may be a limited company.
 - Neutral for tax purposes and are not taxed separately. Preferred by investment funds.

Maintenance and reporting – key points - Company

- Public filing requirements - key information publicly available online at: <https://www.gov.uk/get-information-about-a-company>.
- Annual accounts and reports - detailed format and contents specified by the *Companies Act 2006*.
- All accounts filed with the Registrar of Companies must be audited but exemptions apply.
- A company is exempt from the audit requirement if it qualifies as a “small company,” i.e., at least two of the following conditions must be met:
 - annual turnover is not more than £15,000,000;
 - balance sheet total is not more than £7,500,000; or
 - the average number of employees is not more than 50, and the company must not be excluded from the “small companies’ regime.
- A company is required to maintain a number of registers, such as a register of members and a PSC register.
- Companies and LLPs must keep a register of people with significant control (PSC Register), recording details of anyone who has significant control over the company - e.g., holding (directly or indirectly) more than 25% of the shares or voting rights in a company, having the right (directly or indirectly) to appoint or remove a majority of the board of directors or otherwise having the right to exercise “significant influence or control” over a company.
- Other filings at Companies House – changes in capital, appointment / termination of directors, changes in PSCs, new / amended articles of association, changes in accounting reference date and more.
- Confirmation statement - must be delivered to the Registrar of Companies each year and confirms that the information held by Companies House (e.g. in relation to its share capital, shareholders, officers, and other corporate information) remains accurate.
- Registration of charges - most charges or other security created by a company must be notified to the Registrar of Companies within 21 days. Failure to do so means that the charge will not be enforceable against a liquidator of the company.
- From April 2028: all accounts must be filed using commercial software; abridged accounts will be abolished; small and micro-entities must file a profit and loss account (with an option not to publish it); and a strengthened audit-exemption statement will be required.

Fundraising routes

- Equity: VC, angel investors
 - British Private Equity and Venture Capital Association: <https://www.bvca.co.uk/>
- Debt: banks, alternative lenders
- Public Market: LSE Main Market, AIM, Aquis Exchange (AQSE)

Restriction on public offers by private companies: section 755, Companies Act 2006

"Offer to the public" – not a comprehensive definition. An offer will not be regarded as an offer to the public if:

- The offer is not calculated to result, directly or indirectly, in shares (or other securities) becoming available to anyone other than those receiving the offer
- The offer is otherwise a private concern of the person receiving it and the person making it

UK prospectus regime – key concepts

Old regime:

A company was required to produce a prospectus approved by the FCA where:

- there was an offer of transferable securities to the public in the UK; and/or
- admission of transferable securities to trading on a regulated market in the UK is sought.
 - Regulated market includes the LSE's Main Market and AQSE Main Market, but not MTFs (such as AIM or AQSE Growth Market)

Exempt offers to the public – most common exemptions:

- an offer addressed to qualified investors only
- an offer to fewer than 150 persons in the UK, other than qualified investors
- an offer where the total consideration of the securities could not exceed £8 million (or an equivalent amount)

New Regime:

From 19 January 2026, the prospectus regime has been replaced by the Public Offers and Admissions to Trading Regulations 2024 (**POATRs**).

- **Public offers are prohibited unless an exemption applies.** Many of the old exemptions carry over (e.g., offers to qualified investors or to fewer than 150 persons). A key new exemption: securities that are, or will be, admitted to a UK regulated market or a primary MTF.
- **A new public offer platform route.** Offers of unadmitted securities above £5 million must be made through a public offer platform regulated by the FCA. The POATRs also prohibit public offers of non-transferable debt securities (such as mini-bonds), except where made through such a platform.
- **MTF admission prospectus may be required.** This applies to issuers admitted to primary MTFs that are open to retail investors.
- **Prospectus exemptions are wider.** E.g., for further issues of shares on the Main Market, a prospectus is now only required at 75% of existing share capital.

Financial promotions regime – key concepts

Section 21 of the *Financial Services and Markets Act 2000* (FSMA) provides that a person must not, in the course of business, communicate an invitation or inducement to engage in investment activity or to engage in claims management activity unless the promotion:

- has been made by an authorised person
- has been approved by an authorised person
- is exempt

A number of exemptions are available. The most commonly used exemptions:

- Communications to the company's members and creditors
- Communications to certain investment professionals
- Participation in employee share schemes
- Communications to certain high net worth companies, unincorporated associations or partnerships and the trustees of high value trusts
- Communications to certain self-certified sophisticated investors (applies to unlisted companies only).

There are specific procedural requirements in respect of each type of exempt communications. If such requirements are not complied with, the exemption will not apply.

Financial services – regulated activities regime – key principles

General prohibition: a person must not carry on, by way of business, a regulated activity in the UK, or purport to do so, unless they are an authorised or exempt person. Exclusions may apply.

Examples of regulated activities (non-exhaustive list):

- Dealing in investments as principal

A person must not carry on, by way of business, the activity of dealing in investments as principal, or as agent, in the UK unless they are an authorised or exempt person, or an exclusion applies.

- Arranging deals in investments

If a company has engaged a third party to find potential subscribers by marketing its shares to outside investors, the third party may be carrying on one of the arranging deals in investments regulated activities and must be authorised by the FCA or fall within an exclusion.

- Advising on investments

A person must not carry on, by way of business, the activity of advising on investments. Even though the “by way of business” test may make it unlikely that this regulated activity would apply to a private company occasionally offering its shares, issuers may wish to avoid language in selling materials that could be construed as advice or a recommendation on a particular course of action in relation to the offer.

Financial regulation is a very complex area. Advice should be sought in all relevant cases.

National Security and Investment Act 2021 (NSIA)

- Mandatory notification

Acquisitions of shares or voting rights in entities active in 17 sensitive sectors (including defence, AI, computing hardware, communications and cryptographic authentication) must be notified to, and approved by, the Secretary of State before completion. Triggers include crossing 25%, 50% or 75%, or acquiring voting rights that allow a resolution to be passed or blocked.

A notifiable acquisition completed without approval is void and of no legal effect, and the acquirer may face civil or criminal penalties.

- Voluntary notification and call-in

Other acquisitions (including of material influence or of qualifying assets such as IP, software and source code) may be notified voluntarily. The Secretary of State may call in a transaction up to 5 years after completion (within 6 months of becoming aware of it).

- Timetable and sanctions

30 working days to decide whether to call in; a 30 working days' assessment period, extendable by 45 working days (and further by agreement). Penalties up to the higher of 5% of worldwide turnover and £10 million.

Particularly relevant for technology, cyber and defence-related acquirers and investors. Advice should be sought at an early stage of any deal.

Failure to prevent fraud – new corporate offence

In force since 1 September 2025 under the Economic Crime and Corporate Transparency Act 2023.

A large organisation may be criminally liable where an employee, agent, subsidiary or other “associated person” commits a specified fraud offence intending to benefit the organisation (or, in certain cases, its clients). It is not necessary to show that senior management ordered or knew about the fraud.

- Who is in scope?

Large organisations meeting two of:

- more than 250 employees
- more than £36 million turnover
- more than £18 million total assets, measured across the whole group, including non-UK subsidiaries

Overseas organisations with a UK nexus may be caught.

- Defence

Having reasonable fraud prevention procedures in place (see Home Office guidance).

Penalty: an unlimited fine.

Israeli groups with UK operations should review their fraud risk assessment and prevention procedures.

Data protection – Data (Use and Access) Act 2025

Received Royal Assent on 19 June 2025; all of its data protection provisions are now in force (June 2026). It amends, but does not replace, the UK GDPR, the Data Protection Act 2018 and the Privacy and Electronic Communications Regulations (PECR).

Key changes for businesses:

- New “recognised legitimate interests” lawful basis (no balancing test for listed purposes, e.g. public security).
- Wider scope for significant automated decision-making, subject to safeguards (not for special category data).
- Certain cookies (e.g. analytics and functionality) may be set without consent.
- Organisations must operate a data protection complaints procedure, acknowledging complaints within 30 days.

PECR fines raised to UK GDPR levels: up to £17.5 million or 4% of global turnover; new ICO investigatory powers.

Data protection is a highly technical area, where failure to comply carries significant implications. Advice should be sought in all relevant cases.

Taxation – general principles

Corporation tax

A company resident in the UK is obliged to pay UK corporation tax on its worldwide profits. A company is considered resident in the UK if:

- it was registered in the UK; or
- the central management and control of the company takes place in the UK.

If a company is not resident in the UK, it is liable for Corporation Tax on any trading profits generated by a “permanent establishment” it has in the UK.

Non-UK resident companies are subject to Corporation Tax on certain profits from property trading and development even if not conducted through a UK permanent establishment.

Non-UK resident companies are also subject to Corporation Tax on chargeable gains realised on the disposal of any UK real property. Corporation Tax may be additionally charged on non-UK resident companies in respect of UK property income.

Main rate of Corporation Tax: currently 25% for all companies with profits over £250,000.

Small profits rate of Corporation Tax: 19% for companies with profits of £50,000 or less.

Companies whose profits are between £50,000 and £250,000 will pay Corporation Tax at the main rate of 25% but reduced by a marginal relief.

A non-UK resident company that carries on a trade within the UK without a UK permanent establishment may be subject to Income Tax. If such a company is resident in a jurisdiction which has a double tax treaty with the UK, then it is unlikely that the trading activity will give rise to an Income Tax liability.

There are detailed provisions for capital allowances and set-off of trading losses.

Groups of companies can take advantage of group tax provisions, affecting such matters as intra-group transfers of assets and VAT.

Value Added Tax (VAT)

VAT is normally payable on goods purchased, services performed in the UK, some real estate and rent transactions and on goods and services imported into the UK.

Mandatory registration - any business whose taxable turnover for the previous 12 months exceeds £90,000, or which is anticipated to exceed that figure in the next 30 days, is obliged to register with HMRC.

Standard rate: 20% calculated on the value of the supply. Certain items qualify for a zero rate. Other rates apply in particular circumstances. Any supply which is not expressly VAT-exempt is deemed taxable.

Failure to register and account for VAT incurs heavy penalties. It is essential that those who carry on business in the UK or conduct property transactions ensure that their VAT affairs are properly dealt with.

Distribution of profits

- Subsidiaries

There is generally no withholding tax on payments of dividends by a UK company.

Dividends received by UK residents are taxable under Income Tax rules.

From 6 April 2026, dividends exceeding the £500 annual allowance are taxed at 10.75% (basic rate), 35.75% (higher rate) and 39.35% (additional rate).

Dividends received by non-residents are taxable in accordance with the rules in their country of residence but will not be taxable in the UK.

- Branches

A UK branch of an overseas company will pay Corporation Tax on its profits. Since a branch is not treated, except for limited purposes, as a separate legal entity from the foreign corporation, the branch will not pay a “dividend” to the parent. The overseas company may be entitled to relief in its own jurisdiction for tax paid in the UK.

Transfer pricing

Anti-avoidance legislation exists to prevent arrangements under which the UK operation charges artificially low prices to, or is charged artificially high prices by, foreign affiliates. The transfer pricing regime is in line with OECD guidelines. It will broadly apply where the actual provisions in a transaction differ from the provisions which would have been made at arm's length between independent enterprises as a result of which a potential advantage in relation to UK taxation is conferred. Transactions for this purpose are widely defined and include interest payments. This could lead to interest payments of thinly capitalised subsidiaries being disallowed as deductions in calculating taxable profits of the subsidiary. Careful record-keeping may be required to provide evidence on which pricing is based.

Stamp Duty

Stamp Duty is chargeable at a rate of 0.5% on instruments transferring shares, marketable securities and partnerships comprised of these assets.

Stamp Duty Land Tax (SDLT) is payable on transfers of real estate.

Tax incentives

Enterprise Investment Scheme (EIS)

EIS is designed to encourage investment in small, higher-risk trading companies. Available for individuals making equity investments in qualifying companies.

Income tax liability of the investor is reduced by 30% of the sums invested, up to the annual investment limit, provided the shares are held for 3 years.

Investor's annual investment limit: £1 million a year, or £2 million where anything over £1 million goes into knowledge-intensive companies.

The company's total annual investment limit: £10 million (£20 million for investment in knowledge-intensive companies).

The value of the issuing company's gross assets must not exceed £30 million immediately before the issue of the shares, and £35 million immediately after.

The shares must be issued in the initial investing period - 7 years from first commercial sale or, for knowledge-intensive companies, 10 years from first commercial sale or, if the Company so chooses, the date from which annual turnover exceeds £200,000.

The issuing company must be unquoted (this does not apply to admission to AIM). Save for bonus shares, shares must be subscribed for wholly in cash and be fully paid up.

Additional conditions apply. This is a highly technical area and specialist advice should be sought. Typically, to ensure that EIS relief will be available, the issuing company will seek advance assurance from the HMRC Venture Capital Reliefs Team.

Seed Enterprise Investment Scheme (SEIS)

SEIS relief can apply to investments in companies that have not yet started to trade and companies that carry on R&D. SEIS rules are designed to mirror the EIS rules but there are differences between the regimes.

Investors may claim relief against income tax, up to an annual investment limit of £200,000, for funds used to subscribe for new ordinary shares issued by qualifying companies. The income tax liability of the investor is reduced by 50% of the sums invested, up to the annual investment limit (per investor), provided the shares are held for three years. SEIS funds must be raised first.

The value of the issuing company's gross assets must not exceed £350,000 immediately before the shares are issued.

As with EIS, additional conditions apply, and specialist advice should be sought. Typically, the issuing company will seek advance assurance from HMRC.

Venture Capital Trusts (VCTs)

Broadly, the scheme allows individuals to invest in a listed vehicle, which in turn invests in debt and equity of unlisted trading companies (including companies admitted to AIM).

VCTs are not actually trusts. They are companies whose shares are listed on a UK regulated market (e.g., LSE Main Market) or on an EU regulated market. A VCT must satisfy a number of conditions and be given approval by HMRC. It must not be a close company and it must have a spread of investments.

An individual investor in a VCT is entitled to income tax relief at a rate of 20% (from April 2026) on the amount invested up to £200,000 in a tax year, provided that the investor's VCT shares are held for at least five years.

A company seeking to attract investment from a VCT can apply for an assurance from HMRC that it is a qualifying investee company and that the shares that it is to issue will be eligible shares.

R&D tax relief

For accounting periods beginning on or after 1 April 2024, a company may claim a 20% above-the-line R&D expenditure credit on qualifying expenditure. Qualifying expenditure would relate to a project representing an advance in science or technology (narrowly construed as physics, chemistry, biology, engineering and mathematics). The project must address some uncertainty in science or technology.

Additionally, under enhanced R&D intensive support (ERIS), loss-making R&D-intensive SMEs are entitled to deduct an extra 86% of qualifying costs in their trading accounts and claim a payable tax credit worth up to 14.5% of the surrenderable loss.

Patent Box

A “patent box” provides an optional 10% corporation tax rate for companies exploiting patented inventions or certain other medicinal or botanical innovations. The reduced rate applies to a proportion of the profits derived from:

- Licensing or selling such rights.
- Selling the patented invention or products incorporating the patented invention.
- Using the patented invention in the company's trade.
- Compensation for infringement.

Profits attributable to routine manufacturing, development functions and exploiting marketing intangible assets (such as trademarks) are excluded.

Employment – key principles

Employee, worker or independent contractor?

- Employees are protected by all statutory rights. Workers and independent contractors only protected in limited areas (in addition to contractual rights).
- An employer may be vicariously liable for the wrongful acts of its employee but is less likely to be liable for those of a worker or independent contractor.
- Tax implications are different depending on whether an individual is employed (or a worker) or self-employed.
- For medium and large companies, since April 2021, there are additional requirements to assess the tax status of independent contractors engaged through intermediary companies.
- An employee is a worker but a worker is not necessarily an employee.

Recruitment

Certain aspects of employment law operate even at the recruitment stage. For example, employer must not discriminate against a job applicant on the basis of “protected characteristics” under the *Equality Act 2010* or trade union activities or membership.

Written terms of employment or engagement

- Generally, no requirement for a contract of employment to be in writing but it is advisable for it to be so. Employees and workers must be given a written statement setting out certain terms of their employment or engagement before they start work.
- A written statement should include, among other things, details of the job title, place of work, hours of work, holiday entitlement, sick pay entitlement, pensions, notice entitlement, date of commencement of employment, any probationary period, grievance and disciplinary procedures, salary, benefits offered by the company, required training, forms of paid leave, unpaid leave provisions and dates upon which payment is made.
- The employer should be registered with HMRC in order that tax and National Insurance Contributions can be paid.

Notice periods

- There are statutory minimum periods of notice of termination of employment which must be given to an employee.
- Between one month's and two years' continuous service - one week's statutory notice. Over two years' service - one week's notice for each complete year of service, up to a maximum of 12 weeks.
- Employers can agree longer notice periods with their employees, in their contracts of employment.

Changing terms and conditions

The contract of employment cannot usually be changed by the employer without the employee's consent. Legal advice should be taken before changing an employee's contract of employment.

48 hour week

Legislation regarding working time is designed to ensure that workers are not required to work more than 48 hours per week on average over a period of 17 weeks, unless the worker has signed an "opt-out".

Termination

- Wrongful dismissal (contractual) - an employee will usually be entitled to receive notice of termination of their contract, unless, for example, they are dismissed for gross misconduct. If such notice is not given, the employee will be entitled to claim wrongful dismissal (breach of contract).
- Constructive dismissal - occurs where the employer commits a "repudiatory breach" of the employee's contract of employment which entitles the employee to resign and claim that he or she has been dismissed.
- Contracts can outline certain circumstances in which employers are entitled to:
 - terminate employment immediately and pay the employee in lieu of notice; and
 - terminate employment immediately without notice or payment in lieu (e.g., for gross misconduct).
- Unfair dismissal (statutory) - employee employed for a continuous period of 2 years may claim this in certain circumstances. For dismissals on or after 1 January 2027, the qualifying period falls to 6 months and the cap on the compensatory award is removed (currently £123,543 from 6 April 2026).
- Since 1 October 2026, the time limit for most Employment Tribunal claims has increased from 3 to 6 months.

Redundancy payments

Employees who have at least 2 years' continuous employment are entitled to receive a statutory redundancy payment, if dismissed by reason of redundancy, calculated as:

- one and a half weeks' pay for each complete year of service after reaching the age of 41 or over;
- one week's pay for each complete year of service in which the employee was aged 22 or over but under 41; and
- half a week's pay for each complete year of service under the age of 22.

A week's gross pay is currently capped at £751, and the maximum number of years' service is capped at 20, giving a maximum statutory redundancy payment of £22,530

Discrimination

The *Equality Act 2010* is concerned with discrimination based on nine “protected characteristics”: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Protection extends to a range of individuals, including employees, workers, job applicants and partners in a firm.

Employers are under a positive duty to take reasonable steps to prevent sexual harassment of their workers. From 30 October 2026, this becomes a duty to take all reasonable steps, and employers will also be liable if they fail to take all reasonable steps to prevent third parties (e.g. customers or clients) from harassing their employees. The third-party duty covers all types of harassment under the Act, not only sexual harassment.

Family-orientated rules in employment law

- Maternity leave and pay
- Paternity leave (two weeks; a day-one right since 6 April 2026, although statutory paternity pay still has qualifying conditions). It can now also be taken after shared parental leave
- Shared parental leave (up to 50 weeks, available where the mother or adopter curtails her maternity or adoption leave)
- Adoption leave (up to 52 weeks)
- Unpaid parental leave (up to 18 weeks per child, maximum four weeks per year; a day-one right since 6 April 2026)
- Parental bereavement leave (up to two weeks). A wider day-one right to unpaid bereavement leave (at least one week), including for pregnancy loss before 24 weeks, is expected from April 2027.
- Carer's leave (one week unpaid per year) and neonatal care leave (up to 12 weeks) are in force.

Transfer of Undertakings (Protection of Employees) Regulations 2006 (TUPE)

- TUPE applies to protect employees (i) on the transfer of a business as a going concern and (ii) in most outsourcing situations:
 - all employees of the seller / transferor automatically become the employees of the buyer / transferee on their existing terms of employment, without breaking their continuity of service;
 - all rights, powers, duties and liabilities under the employment contract pass to the transferee;
 - contract changes are only possible in limited cases;
 - employees may refuse to transfer to the buyer, but the effect is to terminate their employment without any right to compensation; and
 - any dismissal will be automatically unfair where the sole or principal reason for the dismissal is the transfer itself, unless there is an economic, technical or organisational reason entailing changes in the work force.
- The employees or their representative must be informed and consulted about the transfer before it takes place. Failure to comply can lead to awards in the Employment Tribunal of up to 13 weeks' pay for each affected employee.

Pensions

All UK employers must automatically enrol all of their employees into a pension scheme. Employers can either use their own pension scheme or the new government established scheme, the National Employment Savings Trust. They will also be required to make minimum contributions to the pension scheme of all auto-enrolled employees. These are currently 3% of “qualifying earnings”. Employees must contribute 5% of their earnings.

Employees may “opt out” of their employer’s pension scheme if they wish but the employer must periodically re-enrol those who have opted out (e.g., every three years).

Minimum wage

All employees in the UK must be paid at least the National Minimum Wage. For employees aged 21 and over this is £12.71 from 1 April 2026 (£10.85 for ages 18–20) per hour before deduction of tax and National Insurance Contributions. There are further minimum wages that must be paid to younger employees. The National Minimum Wage usually increases on 1 April each year.

Holiday entitlement

- All employees and workers are entitled to 5.6 weeks’ paid holiday per annum. For part-time workers, this entitlement is reduced pro rata to the number of days/hours worked each week. Where employers allow (or require) workers to take leave on public holidays, this may count against statutory leave.
- Many employers give paid holiday on public holidays in addition to the statutory leave. It is common in the UK for employees’ contracts to stipulate 20 or 25 days’ holiday, plus bank holidays or time off in lieu.
- Holiday entitlement accrues on a pro rata basis during the holiday year.
- If an employee leaves employment before taking his or her statutory entitlement to annual leave, they must be paid for the accrued holiday entitlement not yet taken. Equally, if an employee takes more holiday than he or she is entitled to take in the period before termination of employment an employer is entitled to deduct the overpayment from salary, provided that the employee has signed a written agreement permitting the employer to make such deductions.
- Since April 2026, employers must keep records showing compliance with holiday entitlement and holiday pay rules for six years. Failure to do so is a criminal offence punishable by an unlimited fine.

UK vs Israel – Key Legal Differences

Category	United Kingdom	Israel	Main Difference
Legal System	Common law, precedent-heavy	Hybrid: common law + civil + statutory	UK more precedent-driven; Israel more codified
Companies	Fast online incorporation; minimal bureaucracy	More notarisation; heavier documentation	UK significantly easier and faster
Public Disclosure	Extensive filing at Companies House	Less transparency	UK - more publicly available information
Branches	Simple registration	Apostille & local rep required	UK easier
Capital Markets	FSMA, broad private offer exemptions	Strict ISA rules, 35-investor cap	UK more flexible
Financial Regulation	Single FCA regime	Multiple regulators	UK more centralised
Corporate Tax	25%, no dividend withholding	23%, dividend withholding 25–30	Israel taxes distributions; UK does not
VAT	20%, threshold £90k	18%, no threshold	UK exemptions for small biz
Employment	Worker category; TUPE; long notice	No worker category; strong severance; no TUPE	Fundamental structural differences
Holiday	5.6 weeks	~12–14 days + holidays	UK more generous
Dispute Resolution	Predictable; expensive; loser pays	Flexible; less predictable; modest costs	Litigation culture very different

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