

# A Guide to Business Relocation in Europe

There are a number of key questions to answer when considering if business relocation overseas is right for your business. The Grant Thornton Guide to Business Relocation in Europe addresses those key questions, and provides a detailed comparison of favoured destinations within Europe. A few of the conclusions are summarised below.

## What are the benefits of business relocation?

Some of the benefits identified by companies relocating are:

- **Centralisation** – by locating all types of a certain activity in a particular jurisdiction this can result in cost synergies
- **Leveraging globalisation** – the disparity in growth rates between emerging markets and mature economies is accelerating the pace of globalisation and encouraging businesses to relocate overseas
- **Compliance simplification** – as jurisdictions introduce complex regulations to discourage loss of revenue offshore, this increased compliance burden is accelerating the migration of businesses away from those jurisdictions
- **Access local talent pools** – many offshore locations offer large pools of expertise which are attractive for certain industries
- **Competitive advantage** – by reducing costs through centralisation and lower tax cash flow, groups are able to maintain their competitive advantage

## How to relocate?

There are numerous different options from relocation of a single unit to a full migration of the group. We recommend that you map the supply chain and identify each component, consider this in isolation and then as part of a wider group activity. Some options include:

- **Full migration** – relocation of group headquarters or overall group holding company
- **IP management** – relocation of development, management and/or exploitation of IP
- **Regional hubs** – centralisation of regional management in an offshore hub
- **Offshoring** – transfer of support functions to jurisdictions with a lower cost of living
- **Changes to the risk model** – where physical relocation is not appropriate, the functions of each entity can be altered to ensure the risk and associated profit sits in the most appropriate jurisdiction.

## Where to relocate to?

There are numerous choices but favoured European locations include:

- **Belgium** – popular as an IP holding company location due to a favourable patent box regime and other incentives
- **Cyprus** – widely used for investment into Russia and central eastern due to a relatively low cost workforce, favourable treaties and a low corporate tax rate
- **Ireland** – popular with technology and pharmaceutical companies due to a flexible regime and low corporate tax rates
- **Luxembourg** – the availability of advance agreements with the tax authorities make this attractive for treasury operations
- **Malta** – a low-cost, relatively highly skilled workforce, aligned with a low tax rate makes this popular for shared service activities
- **Netherlands** – excellent treaty network and flexible regime mean that it is a popular holding company location
- **Spain** – widely used for investment into Latin America given its strong treaty network with these countries
- **Switzerland** – an excellent intellectual property regime, sophisticated workforce and low effective tax rates for international companies makes it widely used
- **UK** – often chosen for commercial rather than tax benefits, particularly for US multinationals. Its tax regime is becoming more favourable again.

## Next Steps

If you would like to discuss the options available or a copy of our guide, please contact your local Grant Thornton representative directly or one of the contacts below.

## Contact

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