

Operating Businesses Remotely

Once lockdown has ended, many businesses may decide that a physical office space is no longer needed. What are the legal complications for businesses considering to continue working remotely?

Whilst the implications of COVID-19 on how we live and work are obvious, what is less clear is how this will affect how businesses operate once the lockdown has ended. It could well be that many businesses that previously saw having a physical office as a prerequisite will now consider it to be optional.

There have been countless examples in the media of businesses we could never imagine even being able to operate under lockdown unexpectedly thriving due to the ingenuity of its owners. Although not all businesses have been able to continue operating, many are realising that the requirement for a physical office is not essential to the running of their business and are seduced by the opportunity to drastically cut their expenses by dispensing with the need for a commercial lease. It therefore seems likely that once life returns to (relative) normality, the number of commercial premises being leased will reduce significantly, but from a legal standpoint is it really that simple?

By law, every Private Limited Company (PLC) must nominate a registered office in the UK to which all communications and notices may be addressed. Certain company records such as the statutory books must also be kept available for inspection there. The same applies for a registered UK establishments, but Limited Liability Partnerships (LLP) do not have such a requirement.

Companies House do not allow the use of a PO Box address for the registered office of a company, and the address must also be in the country of incorporation. UK companies are legally required to display the registered address on all stationery and correspondence with clients. This includes invoices and letters. Moreover, the company name must be displayed outside address or at the entrance to the building if it is a large building with many offices. Since the introduction of the Companies Act 2006, it is also a legal requirement for a company to display their registered office address on your company's website. When a company changes their registered office address the information must be recorded at Companies House, and If this is not complied with it can lead to the company being struck off the Companies House registers and being dissolved.

So as things stand, even if a business decides it does not want to have a physical address it would still have to provide an address to comply with the law, which in many cases would force a business owner to give their home address. Many people would not want their home address used for these purposes, particularly as the address is displayed on the public record.

One solution that is already used by a number of small businesses is paying to use a registered office provided by a third party. A company's trading address does not have to be the same as their registered office address, therefore using a registered office service provider is particularly useful to those who trade from their home address. Using a registered office service would prevent private addresses being displayed on the public registers, and the data on Companies House registers can be accessed online. A registered office address can also be useful to business owners who own a UK limited company and live outside of the UK as their company must legally provide a registered office within the UK. We can expect these third party offices to become more popular as more and more business make the switch to working remotely.

Yet since the internet became pre-eminent the requirement for a physical registered address has looked increasingly outdated, and potentially obsolete in the wake of this epidemic. It would therefore be no surprise if the requirements for a physical premises is dispensed with in the wave of new legislation that is sure to follow this crisis.



Written by:
Peter Hampson, Solicitor at rradar

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