



Global Tax Network

The Business Travel Show 2020

Business Traveler Tax and Immigration Risk Management:
Future Trends and Minimizing Business Disruption

Speakers



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Session Aim

This session is aimed at understanding the issues that business face when sending employees to work in another cross-border jurisdiction. Many are familiar with the fact that there may be payroll, tax and immigration issues.

This session will provide an update on what the main issues are, hot spots and trends and utilizing client case studies, we will provide insight into how those risks affect the company and traveler, the role HR and travel managers play in managing them, and how a basic understanding of the issues can help manage tax and immigration risk and compliance.

Agenda

- Overview
- Global, US and UK Trends
- Introduction to Tax Issues
- Introduction to Immigration Issues
- Case Study
- Next Steps
- Questions

THE GLOBAL TRENDS AND DISRUPTION

Global Business Traveler Hotspots

UK:

STBV reporting and new Appendix 8

US to Canada:

T-4 reporting & withholding for 1 workday

Any country to California:

CA taxes, treaty does not apply

India to US:

Tax treaty, but no totalization agreement

Philippines to US:

90 day threshold, not 183 day

Ireland:

2020 single tax year day counting and waiver of PAYE

Brazil/Singapore to US:

No tax treaty with US

Australia:

Economic employer argument

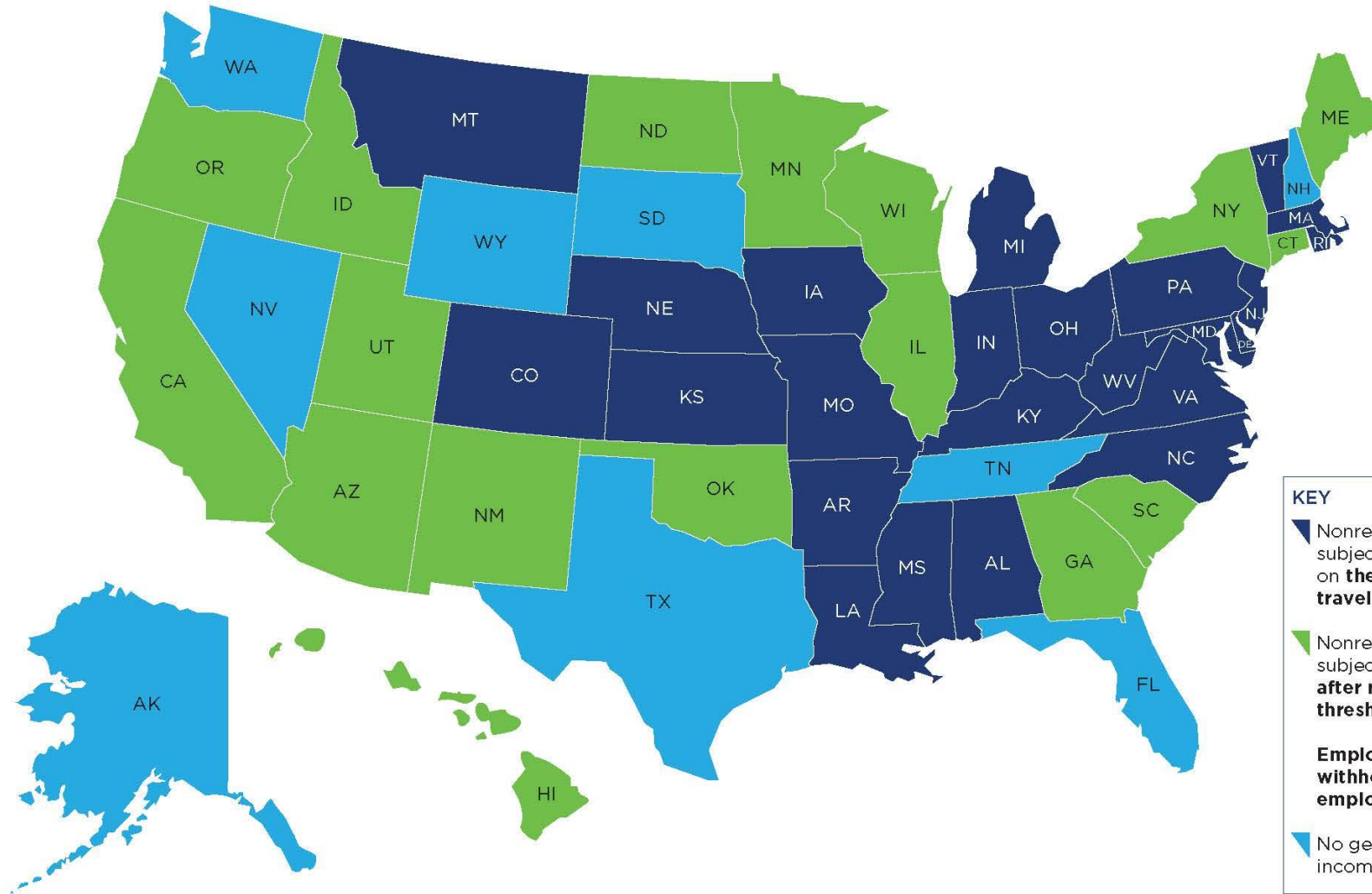


Global considerations

- Canadian – new immigration bill in 2019 linking tax and immigration
- Ireland – 2020, new day counting rules when applying for PAYE waiver
- UK STBV reporting – update, new Appendix 8
- EU Social Security A1s – Posted Worker Directive and A1 application
- Brexit – Transitional rules apply to free movement and social security until December 31, 2020

US STATE CONSIDERATIONS

US State to State Withholding Requirements



But what about the “Mobile Workforce State Income Tax Simplification Act?”

KEY

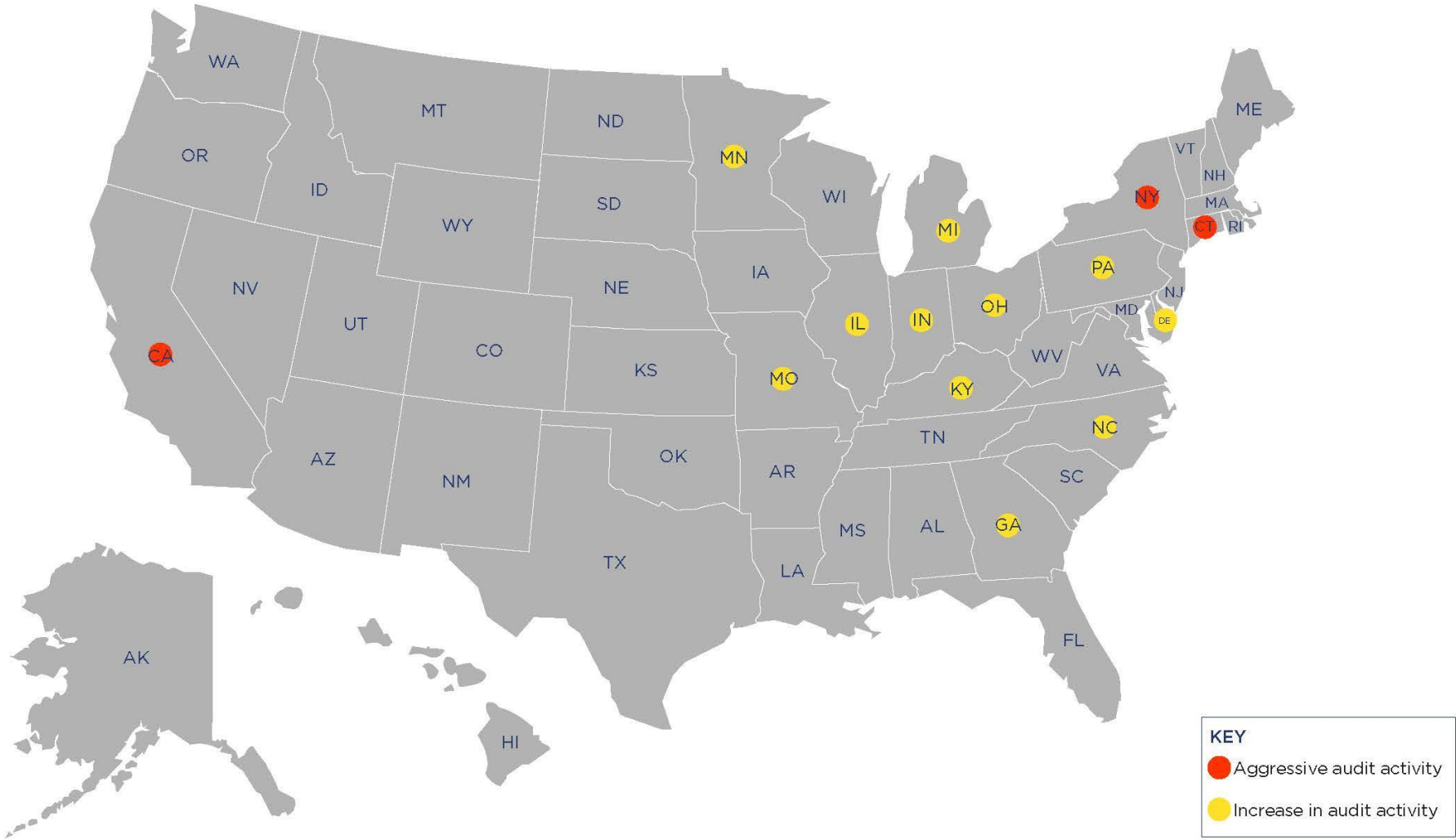
- Dark blue triangle: Nonresident employee is subject to withholding on **the first day of travel within the state**
- Light green triangle: Nonresident employee is subject to withholding **after reaching specific threshold**
- Light blue triangle: No general state income tax

Employer must withhold if nonresident employee

State considerations

- Non-resident individuals working in another state
- Nexus of business/what are the employees doing?
- Taxed based on level of income and/or days of presence – depends on the state!
- Increase in payroll audits requesting details of business travelers

State Income Tax Audit Hotspots



UK CONSIDERATIONS

UK Considerations

- Appendix 4
- Appendix 5
- Appendix 6
- Appendix 7a/7b
- Appendix 8

- BREXIT

1. Short-term business travelers into the UK
EP Appendix 4
Due 5/31
Where a UK DTA applies

2. Net of Foreign Tax Credit
EP Appendix 5
Deduct foreign tax withheld against PAYE

3. Modified PAYE
EP Appendix 6
Tax equalized employees only
Best estimate of compensation
Year-end true up

4. Modified NIC
EP Appendix 7a: inbound
EP Appendix 7b: outbound

5. Short-term business travelers into the UK
EP Appendix 8



INTRODUCTION TO TAX ISSUES

Introduction to Tax Issues

- Who is taxable?
 - Types of assignment: future trends of business travelers through to long-term assignees
 - Show of hands, who is doing anything at their company?
- How are they taxable?
 - Domestic Rules
 - Tax Treaties and the 183 Myth

Introduction to Tax Issues

- What is taxable?
 - Elements of compensation taxable and how treated (policy)
 - Expenses and per diems
 - Equity/Bonuses
- Social Security
 - Totalization Agreements

INTRODUCTION TO IMMIGRATION ISSUES

Immigration for Business Travellers

- Immigration is the political issue of the moment
 - Brexit
 - EU: ETIAS and Posted Workers
 - US: New round of travel bans
- Business Trip ≠ Business Visa
- Impacts of non-compliance



Brexit – *the saga continues*

- Free movement remains through 2020
- EU citizens relocating to UK (and vice versa) before the end of 2020 may continue living and working abroad after the end of 2020
- The future?
 - UK: New ‘Points Based System’ announced 19 Feb 2020
 - EU: UK nationals like any other. 90 day Schengen rules and long WP processing
 - Special arrangements?

- ETIAS
 - “ESTA” or “ETA” equivalent
 - Impacts 62 countries including: Australia, Brazil, Canada, Hong Kong, Israel, Japan, Malaysia, Mexico, New Zealand, Singapore, South Korea, the United States and.... the Vatican
 - €7 fee, 3 year validity, determination “within minutes”
- Posted Workers
 - At the intersection of immigration, tax and social security

US Administration

Travel Ban 1 (January 2017 – now replaced)

- Everyone except dual nationals/green card holders from Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen.

Travel Ban 2.0 (June 2018)

- North Korea and Syria - everyone
- Iran - everyone except students
- Libya and Yemen – everyone except green card holders
- Somalia - Immigrant Visas suspended
- Venezuela – Government Officials

Travel Ban 3 (as of 22 Feb 2020)

- Nigeria, Myanmar, Eritrea and Kyrgyzstan - Immigrant Visas suspended
- Sudan and Tanzania – No diversity visa program

Travel Ban 4??

The risk of 'self certifying' your immigration compliance

- Business Trip ≠ Business Visa
- Border agents look at activities
 - Every traveler meets a border agent (with certain exceptions e.g. EU)
- Pre-trip assessment is crucial

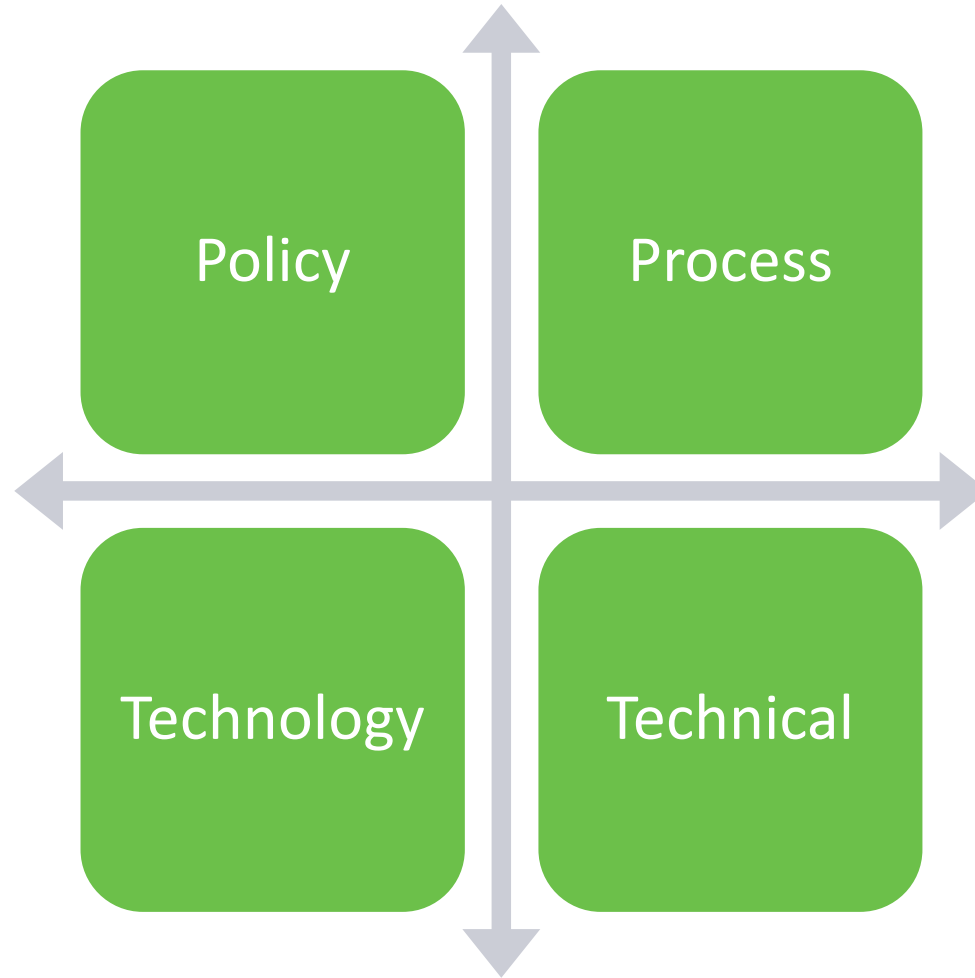
Impacts of non-compliance

- Fines and deportation are well-known
- As protectionism increases, countries going after companies
 - Bigger fines on businesses
 - Loss of ability to bring in foreign talent
 - Naming and shaming = reputational damage

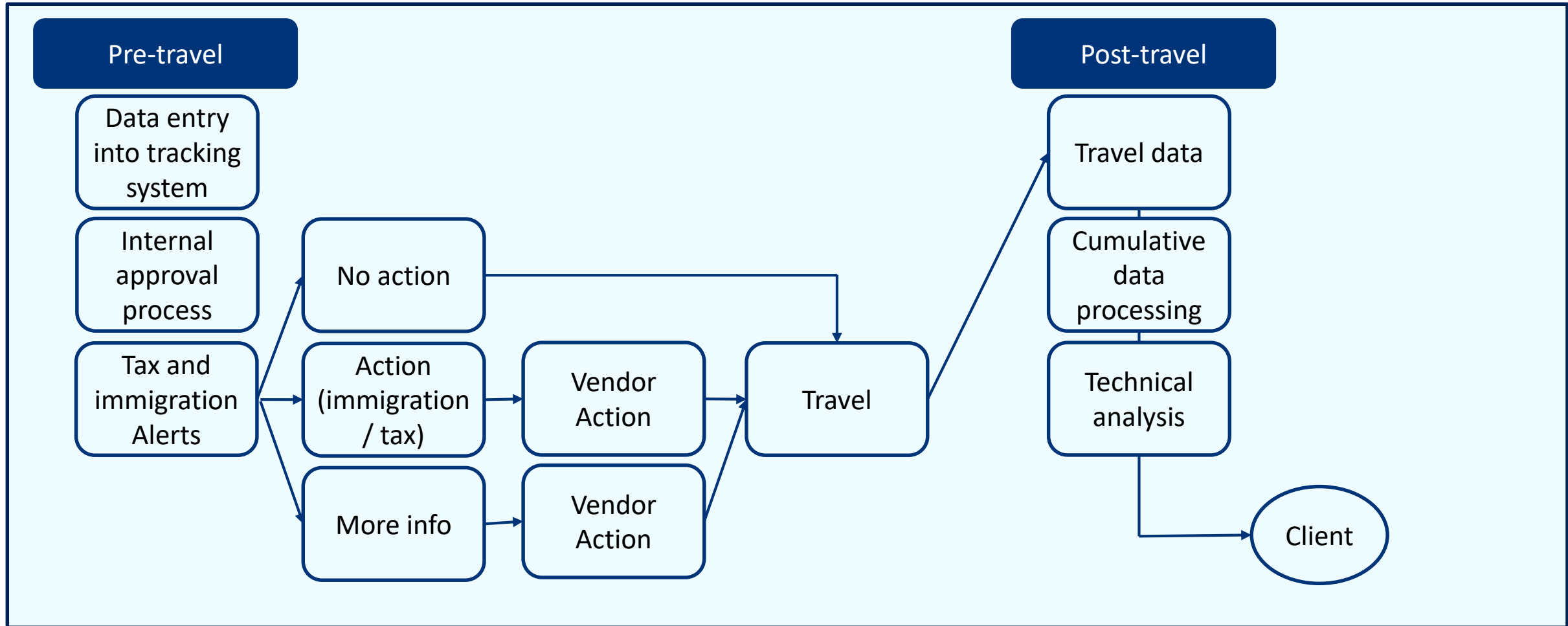


WHAT ARE COMPANIES DOING? CURRENT AND FUTURE STATES

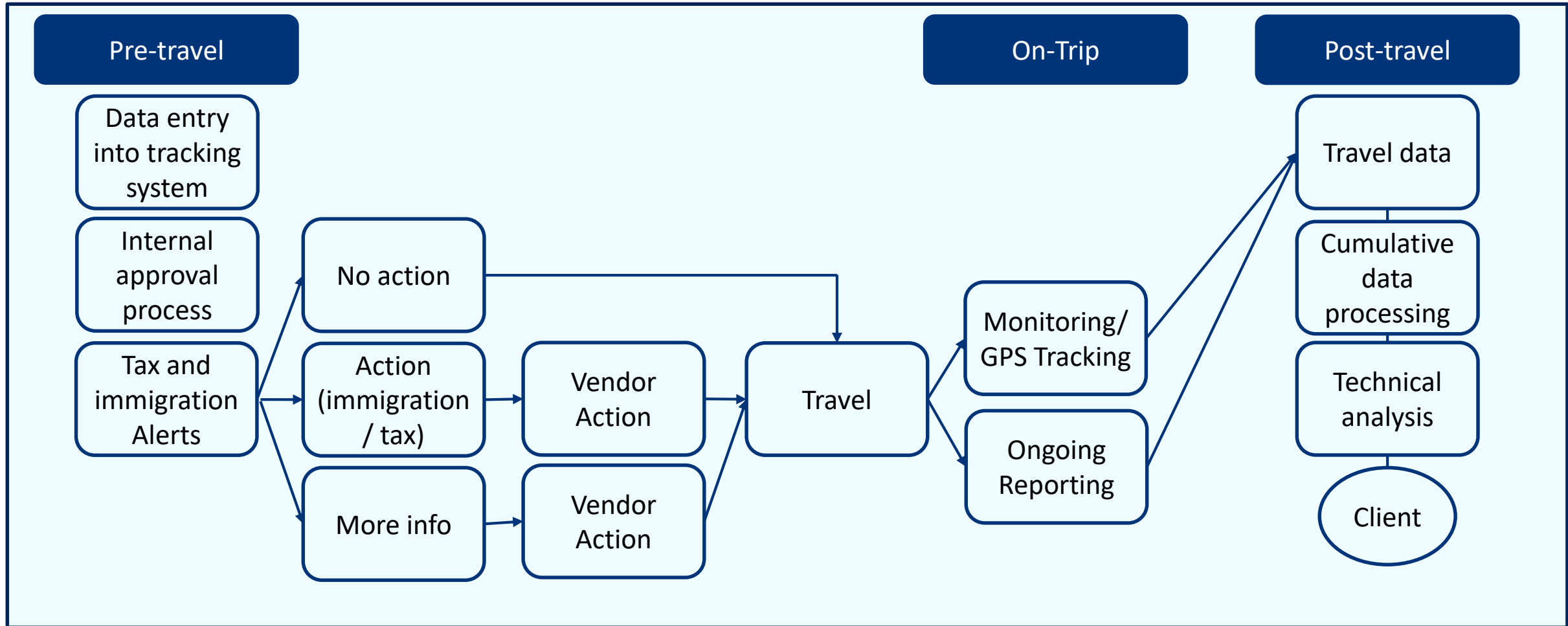
The cornerstones



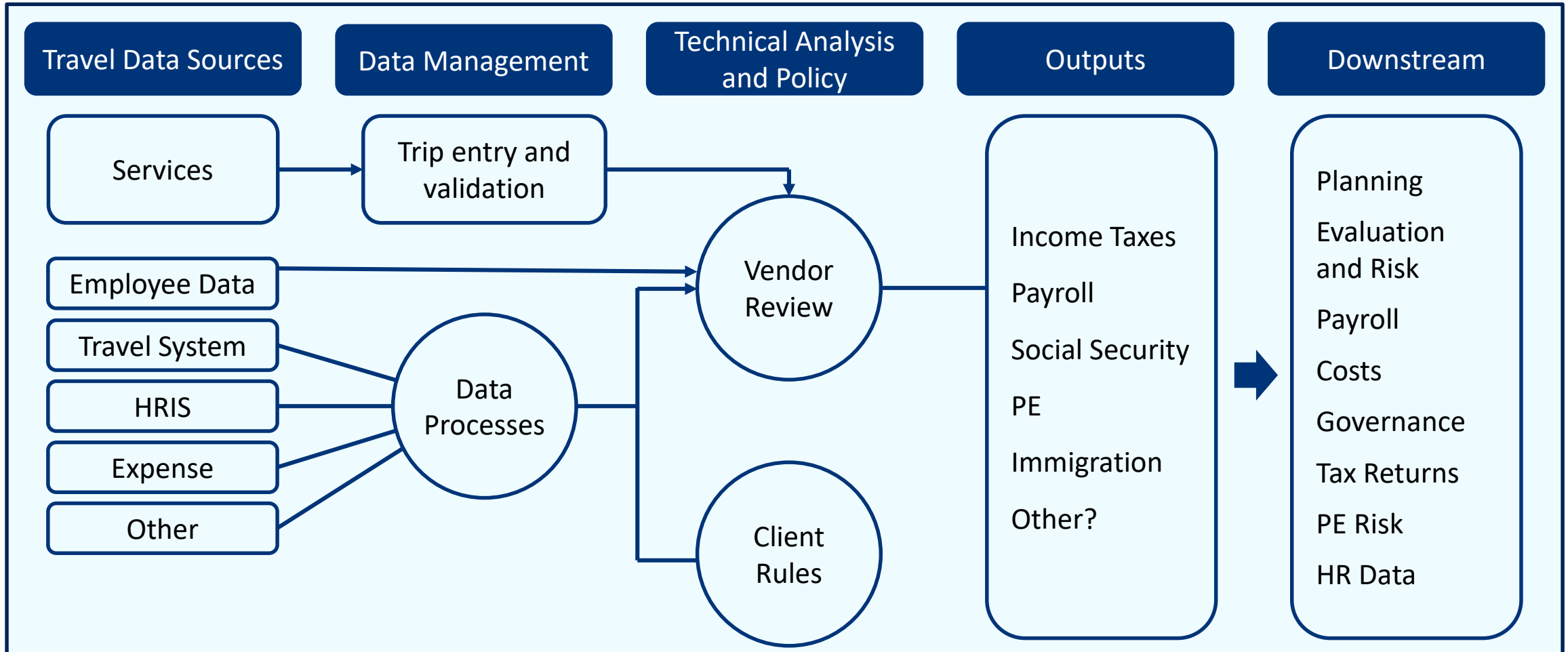
Pre- & Post- Business Travel Service



Pre- & Post- Business Travel Service



The Travel Process: Integrated Service



But what else – the Future?

Tax

- Workforce planning
- VAT Refunds
- International Rescue
- Vendor contract negotiations
- Performance and talent management
- Environmental Impact – Carbon Offset

Immigration

- Rise of eVisas
- End of passports
- Biometric data as unique identifier

CASE STUDY

Extreme Issue: *immigration & payroll failure*

A UK headquartered business was repeatedly sending a new country CEO to his new job as a business traveler before his official appointment.

At the border, the CEO was arrested for having incorrect immigration documentation. The local authority also determined that the CEO should have been paying tax via a payroll (which wasn't happening).

Ultimately the company settled by paying a substantial fine but not without reputational damage (to the extent that the local authority threatened to remove their license to operate in their country) and both the CEO and CFO spending a day in a police cell.

Data Sharing: *UK Border Agency and HMRC*

The UK has Short term business traveler reporting requirements, placed on the employer. Not only are the immigration requirements to work in the UK but for tax and payroll purposes the employer is required to put in a place a tracking process to report foreign workers in the UK and submit an annual report.

HMRC and the UK Border Agency are now sharing data based on passport swipes to conclude if the company is completing its tracking accurately.

One client was challenged to improve their record keeping or face a substantial fine. Their corporate business traveler submission did not match the passport swipes lodged with the Border Agency.

NEXT STEPS & QUESTIONS

Next steps

- If you aren't doing anything now: it's coming!
- Awareness of tax and immigration issues and level of risk
- Do you need to do anything?
- Get to know your HR/Immigration/Global Mobility teams
 - Cost – working with finance and budgets, cost savings opportunities
 - Policy – working with HR to build policy and communications
 - Process – who owns what actions and who oversees actions
 - Technology – enabler of data tracking, what options are there
 - Outsourcing process to vendors vs. in-house resource

Questions

- Thank you