

IMPLICATIONS AND COST OF OVERSEAS WORKING

Personal Income Tax and Social security

Working overseas can create a personal income tax and/or social security liability in the overseas location, even if the individual is employed and paid by a UK company. The individual, as well as the University, could become liable to social security and compliance obligations in the overseas jurisdiction. In addition, a payroll withholding (and reporting) requirement could be inadvertently created. The cost of seeking advice on tax and social security liability is c.£5k. An overseas payroll can take several months to set up and will cost around £2k as well as ongoing monthly fees.

Legal and Pension

Local external legal advice may be required to ensure that the University adheres to all employment requirements in the overseas location (in relation to, for example, mandatory local employee healthcare insurance, other insurance requirements, unusual holiday entitlement, employment documentation, etc). This advice can cost up to £5k per country.

Working overseas may also impact on eligibility to remain in the USS pension scheme.

Immigration

EU nationals **must** have been resident in the UK on or before 31/12/20, in order to apply for pre-settled/settled status. If they were not, they will need to apply for a visa to work in the UK. This could become extremely costly for an employee relocating with family members, on account of meeting both the visa costs and the NHS Surcharge to cover the cost of healthcare in the UK. The latter can amount to £624 per person (<https://www.gov.uk/healthcare-immigration-application/how-much-pay>)

For example, a member of staff relocating with a spouse/partner and two children, all holding three year visas, could amount to £8,900. The costs would be nearly doubled if the visa was more than 3 years.

Please also note that any absence from the UK may impact on the employee's continued eligibility for pre-settled status and any future applications for settled status.

Corporate Tax and Permanent Establishments

There is a risk that employees working overseas could create a presence (a Permanent Establishment - PE) of the University in the overseas country; in some countries it only takes one employee working from their home to create a PE. The creation of a PE can lead to compliance obligations (and costs) for the University, e.g. Corporate Tax exposure, or create a tax withholding (payroll) requirement where this would otherwise not have been required. The cost of seeking external corporate tax advice is c.£5k.