

GLOBAL MOBILITY SERVICES

THE EXPAT POST

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IN FOCUS

AT A GLANCE:

The Latest Global
Mobility Updates from
Around the World



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FACT FILE:

Alliott Group/
Global Mobility



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SPECIAL FEM GLOBAL MOBILITY CONFERENCE FEATURE

Going Above and Beyond: The Role of
the “Trusted Advisor” in Ensuring
a Successful Assignment

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7 MARCH 2019

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Welcome

I am delighted to bring you the spring edition of The Expat Post.

On pages 4 and 5 you will find a special feature summarising the 30-minute presentation that will be given by two of our global mobility experts at the Forum for Expatriate Management Global Mobility European Conference in Amsterdam, for which Alliot Group/Global Mobility is a co-sponsor. This one-day conference will bring together over 300 global mobility and HR professionals from 100 companies across a wide variety of industries and will be attended by a 20-person-strong multidisciplinary global team of tax advisers, immigration experts and lawyers from 13 independent firms.

The article contains key insights and practical advice on how to approach the biggest issues facing clients in the current political and socioeconomic climate, from compliance, to rising costs to the effects of Brexit.

On pages 6 to 11, there is a carefully-collated selection of the most important updates affecting global mobility professionals across the globe, provided by a few of our experts from across the 65-country-strong alliance that makes up Alliot Group/Global Mobility.

Lastly, to find out more about what exactly we offer, to whom and from where, please see page 12 or email myself or the Group COO, Giles Brake at giles@alliotgroup.net.

Luc Lamy



Luc Lamy,
*EMEA Chair of Alliot Group's
Global Mobility Services Group*

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Alliott Group/Global Mobility Sponsors **FEM Amsterdam** **Global Mobility Conference**



Alliott Group/Global Mobility are proud co-sponsors of this prestigious conference, which brings our team into personal contact with some 300 global mobility professionals working for international employers and leading vendors in this fast-growing market sector.

Our Global Mobility Team at the FEM Global Mobility Conference includes:



Amie Cheung
Principal
Lawrence Cheung
CPA Company
Hong Kong



Alessandro Osnato
Partner
B4LEX
Italy



Alexandre De Munck
Partner
Tax Consult
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Stefan Creemers
Tax, HR & Global Mobility Specialist
Tax Consult
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Stéphanie Lasschuijt
Senior HR & Global Mobility Advisor
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SPECIAL FEATURE:

Going Above and Beyond: The Role of the “Trusted Advisor” in Ensuring a Successful Assignment

Hiring people from abroad can be challenging to say the least! HR managers who are responsible for Global Mobility (and the local hires with non-EU nationalities) are faced with constant challenges whether it be timelines, exceptions, costs, tax and social security issues, immigration requirements or the very fact that all these things are constantly changing.

Preparation is key, but this is easier said than done. On one hand you have the business asking for qualified people who, once found, must start (preferably) immediately. On the other hand, you have to deal with the compliancy issues involved. Never forgetting the topic involved in every discussion: the cost.

Our session at the FEM Global Mobility Conference in Amsterdam touches upon the biggest headaches clients are facing, using real case studies to provide practical advice and answer actual questions from our speaker's current client base.

POLICIES

Establishing a policy or multiple policies can be key. This policy may be the same globally, but the consequences and/or possibilities can be different or not possible at all depending on local legislation. Therefore, it might be better to investigate policies that are more country specific. Once decided upon, these policies will become your standard approach and will always be there should either party need to refer back to them.

PROCEDURES

The next step is knowing what exactly you need to prepare for. A checklist can help but this checklist could differ for every situation and/or country. Alarm bells should go off when you are dealing with an employee with a non-EU (and after Brexit - UK) nationality who is either working in multiple countries or is working in one country and living in another. If the possible compliance risks for these scenarios are not identified upfront, this will not only cause a lot of stress for the employee but may well incur significant cost to the business.

COMPLIANCE

Once again, it is easier said than done, but get the business aligned! Make sure they understand what you are dealing with and what the possible consequences for them may be in terms of costs, but also loss of employees. Always keep in mind the immigration requirements and never allow an employee to start working on a tourist visa as this could have huge implications for the organization and (mainly if they are working on site) the clients.

BREXIT

Brexit will most probably not change our entire way of working however there will definitely be a couple of questions that you may ask yourself if you do business with the UK, you have employed UK nationals, or you have non-UK employees working in the UK.

Can we still travel to the UK for work? And to what extent? What about the UK nationals that I currently employ in Europe? What about my European colleagues assigned to the UK? How do you deal with these things as an HR professional?



We understand that there are so many things you have to think about as an HR professional working with international workforces. Although there is an overlap with your national HR practice, international workforces come with their own unique set of challenges: assignment policies; home or host packages, immigration, tax, social security, employment law, assignment contracts, relocation, shipment, insurances, HR admin, payroll, renewals, retention... The list goes on.

The entire assignment lifecycle duration depends on the type of assignment, as does the assignment package and the compliance consequences.

ALLIOTT GROUP

Alliott Group's trusted advisors are active across 65 countries in the fields of policies, procedures, immigration, tax and social security, so are excellently positioned to make that vital difference to the success of their clients' assignments.

OUR SPEAKERS / AUTHORS

STÉPHANIE LASSCHUIJT



Stephanie has over 12 years of experience in the total coordination of international workforces, income/wage tax, social security, 30% rulings, policy & process development and immigration.

Stephanie is the principle point of contact at the Borrie Amstelveen office for all your questions relating to international employees, payroll and HR.

Contact Stéphanie: slasschuijt@borrie.nl

LAURA BUTCHER



Laura is an authority on all aspects of UK immigration law, drawing on the 12 years' experience she gained managing immigration teams across multiple blue-chip law firms. She has represented some of the world's largest companies across all sectors, offering tailored services including the provision of high-level strategic advice to companies on issues of compliance, simple and complex.

Contact Laura: laura.butcher@sherrards.com

AT A GLANCE:

The Latest Global Mobility Updates from Around the World



MALTA: Recent Changes to Malta's Residence and Passport Programmes

Malta has enjoyed relative stability over the recent years when it comes to its residence and passport programmes.

The following programmes remain unchanged:

- Malta Residence Programme (Open to EU/EEA/Swiss)
- Malta Global Residence Programme (Open to 3rd country nationals)
- Malta Key Employee Programme (Open to 3rd country nationals)

However, a few programmes have been amended:

- Malta Passport Programme (Open to all) – Applicants can now choose to either invest EUR150,000 in Government Bonds or in a company that is listed on the Malta stock exchange

- Malta Visa and Residence Programme (Open to 3rd country nationals) – Dependent children can now be included (no age limit) and dependant parents and grandparents can be included in the application (EUR5,000 once off contribution per dependant)
- Malta Highly Qualified Persons Programme (Open to all) – 2019 annual minimum income threshold is now EUR84,991
- All resident non-domiciled individuals in Malta are now liable to pay a minimum annual tax of EUR5,000



Contributed by *Henno Kotze*,
Head of Business Development
at Malta Management, Malta



FRANCE: Amendments to the Withholding Tax (PAS) in France

The withholding tax (PAS) has been in force in France since 1 January 2019.

French nationals domiciled abroad for tax purposes are already subject to withholding tax on their French-sourced salaries (if there is no international tax treaty between France and their host country). However, this scheme applies to employees on international mobility, if they have their tax residence in France.

To determine if an expatriate employee is affected by the PAS, it will therefore be necessary to determine his tax domicile. As a general rule, an employee who goes abroad on temporary assignments of less than 183 days remains taxable in France.

If they perform longer assignments, but their spouse or the majority of their economic interests remain in France, they will also be domiciled for tax purposes in France. Nevertheless, in this case, the part of the salary paid by the mission country will not be affected by the PAS if a tax treaty between France and that country reserves the right for the host country to tax this salary.

Similarly, foreign employers paying salaries from an activity carried out in France to an employee whose tax residence is in France will have to apply the withhold.



Contributed by *Marc Botbol*,
Associate at Cogesten, Paris



BELGIUM: Free Housing Taxable Benefit Almost Divided by Two

As of 1 January 2019, a reduction of the coefficient used for determining the taxable benefit linked to the free use of housing has been voted: Taxable benefit free housing = indexed deemed rental value x 100/60 x 2

The rule applies when the lease contract is concluded by the company or when the company is the owner of the housing.

Profit sharing – a tool to align shareholders and employees' interests.

As of 1 January 2018, a new profit-sharing legislation applies. Two systems have been put in place:

1. Identical profit sharing: a specific amount or a specific percentage of the remuneration is applicable to all employees;

2. Categorized profit sharing: the amounts differ per employee category based on objective criteria.

No employer social security contribution is due on the profit sharing premium however the premium is subject to a 13,07% employee social security contribution and a flat tax rate of 7%. The premium is a non-deductible expense on behalf of the employing company.

The premium must be attributed on top of the existing remuneration package. The overall premium may not exceed 30% of the overall gross remuneration package.



Contributed by *Stefan Creemers*,
Tax Consultant at Tax Consult,
Belgium



UK: EU Settlement Scheme and Immigration Health Surcharge Fees

Pilot Testing of EU Settlement Scheme Open

Effective 21 January 2019, the Home Office opened the voluntary public testing phase of the EU Settlement Scheme to resident EU citizens (and their EU citizen family members) with a valid passport and their non-EU citizen family members holding a valid biometric residence card.

The Scheme will be rolled out incrementally, so continue to watch this space.

Additionally, on 28 January 2019 the UK Home office published a policy paper outlining its proposals for those EU citizens arriving in the UK in the event of a no deal Brexit.

Increased Immigration Health Surcharge Fees

Effective 8 January 2019, the Immigration Health Surcharge doubled from £200 to £400 per year. This fee is paid by most visa applicants to the UK to help fund the NHS.

The government will also apply wider increases to visa application fees, effective April 2019.



Contributed by *Laura Butcher*,
Immigration Consultant at
Sherrards Solicitors, London



CHINA: Implications of China's Individual Income Tax (IIT) Reform

A number of changes have been made to China's Individual Income Tax (IIT) with the aim of reducing the tax burden on low and mid-income earners while toughening the stance towards high-earners and foreign workers. Expatriates living and working in China need to be aware of the following updates:

- 1) Any year in which an expatriate stays in China for more than 183 days shall be defined as a taxable year as a China tax resident.
- 2) If an expatriate has stayed in China for more than 6 years continuously then all global income should be taxed in China. This was 5 years under the previous law. A 30-day leave in a year during any 6-year period can still break the 6-year rule causing the new 6-year period to be reset.
- 3) Expatriates can choose whether to use the current expatriate non-cash allowances or the Special Deductions as regulated in the new law starting from 1 January 2019. After 1 January 2022, the Special Deduction should be

adopted. According to the current expatriate non-cash allowances regulation, almost all apartment costs and children's tuition fees can be fully tax-free. However, the newly implemented Special Deductions allows a fixed RMB 12,000 deduction per year for apartment renting and a RMB 12,000 deduction per year per child for children tuition. These new deduction-allowed amounts could be more or less than the actual amounts depending on the location.

4) The calculation formula is calculated on an accumulated year-to-date basis. Under the old law, this was on a monthly basis.

5) The favorable special tax treatment on one-time annual bonuses will be canceled as of 1 January 2022.



*Contributed by Ken Lee,
Partner at Lee & Lee Associates,
Beijing.*



UK: Mixed Fund Cleansing to End for Non Doms

In the UK a non-UK domiciled ("non dom") individual is entitled to claim the remittance basis of taxation so that they only pay tax on their UK source income and gains and any offshore income and gains brought into the UK in some form.

Non-Doms can choose whether they are taxed on a remittance or an arising basis (i.e. taxed on worldwide income). After they have been in the UK for 7 years, in order to be able to continue to be taxed on the remittance basis, an annual charge is payable (minimum amount of £30,000 per annum).

When changing from the remittance basis to the arising basis, the challenge comes with identifying which income is taxable and when (i.e. when funds are transferred to the UK do these come from "clean" capital or from income).

There is currently an opportunity for non-domiciled individuals to 'clean' capital elements of existing overseas bank accounts into separate accounts – referred to as mixed funds cleansing.

This enables any non-dom taxpayer who has previously been taxed on the remittance basis prior to the 2017/18 tax year to remit to the UK without a tax charge, any 'clean'

capital from overseas accounts which have previously formed part of mixed funds. A mixed fund is classed as:

- An overseas fund of monies that contains more than one type of income, gains and capital
- An overseas fund with income, gains or capital from more than one tax year

This can be done by transferring money from one offshore account to another provided you meet the following conditions:

- Non-UK domiciled
- Can identify the make-up of the funds you are cleansing
- Have not made fund transfers between those nominated accounts in the past
- You keep records of all nominations

The two-year window for mixed fund cleansing is due to end on 5 April 2019 and, therefore, action is required if non-doms want to benefit from these rules.



*Contributed by Jackie Hendley,
Partner at Smith Cooper,
Birmingham*



HUNGARY: Amendments to Hungarian Taxation

Corporate tax

One of the most important amendments to corporate taxation in Hungary is that, as of 1 January 2019, a tax subject can opt for group registration.

In the field of corporate tax, for the purpose of the transposition of the Directive against tax avoidance (ATAD 1), the principle of the reasonable exercise of legal rights has been specified; the definition of a controlled foreign company has been made more precise; and the EU rules on the restriction of the deductions of interests have been introduced.

Social taxation

The health contribution as a tax has been phased out and replaced with the formerly known social security contribution. As of 1 January 2019, the rate of this tax is 19,5%.

One of the most interesting advantages of the new social security contribution is that, according to the new law, researchers in the area of research and development may pay only 50 % of the social security contribution. This advantage could be either for Hungarian researchers who employ foreign employees or for foreign researchers with Hungarian employees.

Supplementary payments/bonuses

Most of the supplementary payments with favourable taxation (e.g. housing assistance, housing assistance with mobility target etc.) have been ceased. Only the so called Széchenyi Cafeteria Card can be given as an extra payment on favourable terms.



Contributed by *Dr Dániel Féher*,
Partner at *Féher Legal & Tax*,
Budapest



USA: Long Awaited Changes to the H-1B Visa Process Announced

On January 31, 2019, the Department of Homeland Security (DHS) issued a final rule on revisions to the H-1B program which is effective in part on April 1, 2019. As background information, the H-1B visa classification is available to foreign nationals who will be performing duties in a "specialty occupation", which requires, at minimum, the attainment of a bachelor's degree to perform the duties. This includes IT occupations.

The category is subject to a quota in any fiscal year. The government may only approve 65,000 petitions in the general pool and 20,000 petitions in a second pool reserved for those who have earned a U.S. Master's or higher degree. When the quota is exceeded, the government conducts a computer-generated lottery to select applications.

The portion of the rule which is effective this year pertains to the selection order of H-1B petitions which should be beneficial to U.S. advanced degreed applicants. However, for the 2020 fiscal year, the DHS will require that employers file a prior electronic registration for each sponsoring applicant. If necessary, the "lottery" will be conducted based upon the electronically submitted registrations. Only those selected will be required to prepare and submit a complete application.



Contributed by *Kathie Gaber*,
Immigration Specialist at *Masuda Funai*,
Chicago



USA: New Deduction for Qualified Business Income

The U.S. tax reform legislation enacted at the end of 2017 created a new federal tax deduction for individual taxpayers of up to 20% of “qualified business income.” For individuals investing in pass-through businesses operating in the U.S., this deduction has the potential to reduce the effective tax rate on net profits from business activities up to 7%, however, a few limitations apply. A taxpayer’s ability to benefit from deduction is based upon several factors including the taxpayer’s taxable income, the nature of the business activity, the amount of employee wages paid by the business and other factors. Understanding the applicability of these factors can facilitate proper planning to take advantage of the deduction.

Qualified Business Income

Qualified business income arises from domestic business activities and excludes certain investment items such as interest, dividends and long-term capital gains and losses. Qualified business income does not include reasonable compensation earned as an employee or guaranteed payments for services paid by a partnership to the taxpayer. A taxpayer can hold an interest in the business through any entity type other than a C corporation, and active participation in the business is not a requirement to obtain the benefit of the deduction although other limitations on the deduction of passive losses could apply.

Limitations on availability of deduction

Married taxpayers with taxable income less than \$315,000 generally will be entitled to a full 20% deduction. For married taxpayers with taxable income in excess of \$315,000 and who conduct professional service businesses such as law, accounting, consulting and others, the benefit of the deduction decreases and is eliminated entirely when taxable income reaches \$415,000. The amount of the deduction is also generally limited to 50% of the wages paid by the business for upper income taxpayers. For married taxpayers, this wage limitation phases in at taxable income levels in excess of \$315,000. Similar limitations apply to single taxpayers at lower taxable income levels.

The qualified business income deduction provides welcome tax relief for U.S. tax residents holding interests in domestic, pass-through businesses. Affected taxpayers should consult with their U.S. tax advisors to maximize the benefit of this new deduction.



Contributed by *Hunter Norton*,
Tax Director at *Farkouh,*
Furman & Faccio, LLP, New York



HONG KONG: Updates to Salaries Tax for Expatriates

Tax bands and marginal tax rates from the year 2018/19 are as follows:

- 2% on the first 50,000HK\$ of net chargeable income
- Tax rates increase by 4% for every subsequent 50,000HK\$ of net chargeable income e.g. 6%, 10%, 14%. The remainder will be taxed at 17%
- Alternatively, a standard tax rate of 15% of the net income before deduction of the allowances, whichever is lower.

The basic and additional child allowance for the year of birth has increased to HK\$120,000 each. The total allowance for a child born in 2018/19 is HK\$240,000.

Married persons will now be given the option to choose to have their personal assessments carried out separately.

Tax deduction of qualified premium for eligible health insurance products is capped at HK\$8,000 per insured person.

Comprehensive Double Taxation Agreements

Hong Kong has now signed Double Taxation Agreements with 40 countries. View the full list at https://www.ird.gov.hk/eng/tax/dta_inc.htm



Contributed by *Amie Cheung*,
Principal at *Lawrence Cheung C.P.A.,*
Hong Kong



USA: An Update on the Streamlined Amnesty Program

Recently the Internal Revenue Service announced “the Streamline Amnesty Program is open but it will be closing”. What they didn’t announce was when! This means that for U.S. Citizens or Green Card holders, there is still time to become tax and FBAR compliant and save penalties. The streamline amnesty program requires filing 3 back years’ tax returns, 6 back years FBAR’s and a certification document. This currently is the only amnesty program open.

No SSN number, no bank services?

Bank account holders that reside outside the United States with an American background must register their SSN (Social Security Number) this year with their bank. If they don’t comply then it’s very likely that their bank account and other payment services will be terminated according to the United Banking Association (NVB).

Do you have an American background (through a US parent, birth, or a green card)? In that event you might have also received a letter from your bank requesting you to register your SSN number because of the FATCA legislation. Do note that not all banks have sent out letters to all their customers.

In both cases you should be aware that the rules are being tightened this year. It might be wise to undertake action if you don’t have an SSN or haven’t registered it with your bank.

According to the United Banking Association (NVB), all major banks must provide the names, account numbers and the SSN of their US clients to the American tax authorities (IRS) to comply with US tax law.

Major banks such as ABN AMRO, ING and Fortis have started this process. In Germany Deutsche bank has already closed accounts of many US persons.

Starting this year officially; banks are not permitted to supply data to the IRS without an SSN. Banks are feeling severe US pressure to be compliant with these rules. They indicate there is no other choice for them then to end the relationship with customers who have not supplied an SSN.

Bank account closed if SSN is not registered

An increasing group of clients will receive a letter that their bank accounts and other services will be terminated because of the lack of an SSN.

Banks are already often refusing new account requests from US persons, also known as Accidental Americans, because of the FATCA laws imposed by the US.

Despite a large majority of (American) account holders that registered their SSN with their bank, it turns out that more than 40% have not complied despite letters from their bank. These customers will possibly receive a final warning in the coming year before the banks terminate all their services.

American tax filing obligation

Your bank will only ask for your SSN but will not inform you of your obligation to comply and file your American tax forms. Sobel & Co., LLC can assist you with your questions concerning getting a SSN and your duty to comply with all American tax laws.



Contributed by *Scott D. Shapiro*,
Partner at SobelCo,
New Jersey



FACT FILE: Alliot Group/Global Mobility

Alliott Group maintains an international alliance of independent accounting and law firms in 65 countries worldwide. All member firms are carefully screened on admission to the alliance (and on an ongoing basis) for their ability to provide a wide range of services to businesses and private individuals. In those countries where we do not yet have representative member firms, in many cases, our existing member firms will be able to recommend a professional firm that can help and partner with you.

Services We Provide to Companies with Expatriate Populations

Tax and Accounting

- ✔ Tax planning
- ✔ Tax disputes resolution
- ✔ Tax returns for residents and foreign nationals
- ✔ Social security planning and compliance
- ✔ Payroll services
- ✔ Risk management consulting
- ✔ Global compensation and benefits.

Legal Services

- ✔ Immigration, work permits and visas
- ✔ Employment law
- ✔ Incorporation / company set-up
- ✔ Commercial contracts
- ✔ Litigation and dispute resolution.

Expertise is also available related to international private wealth, real estate/property, international tax, litigation and dispute resolution and M&A.

In the first instance, please contact COO Giles Brake (giles@alliotgroup.net) who will be able to connect you personally to the professional adviser best suited to your unique requirements. Alternatively visit www.alliotgroup.net/globalmobility or call +44 (0)203 330 0110.

Countries where Alliot Group/Global Mobility professionals can help with your tax, legal and immigration needs

EMEA

Afghanistan	Malta
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Greece	Romania
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Hungary	Senegal
Ireland	South Africa
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Italy	Tunisia
Jersey	Turkey
Kuwait	United Arab Emirates
Lebanon	United Kingdom
Lithuania	Zambia
Luxembourg	

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