

AUDIT • TAX • ADVISORY

WEBINAR

Global Mobility Update

Key considerations - 2021/22 UK tax year

10 March 2021

Now, for tomorrow





Speakers



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Agenda

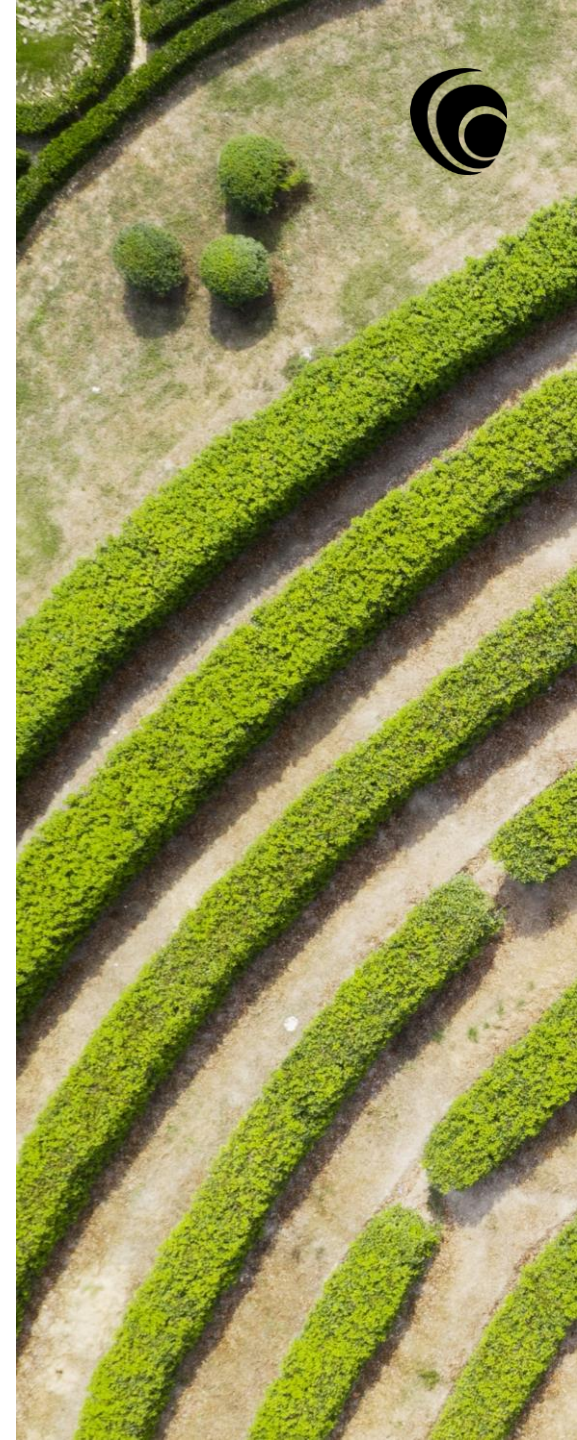
We will review the key aspects for globally mobile businesses to consider following the end of the UK's transition period from the EU, and in the run up to the new UK tax year.

Introductions	11.00 – 11.05
Budget announcements	11.05 – 11.15
Brexit issues	11.15 – 11.25
Compliance considerations for 2021/22	11.25 – 11.40
Summary	11.40 – 11.45
Q&A	11.45 – 12.00

Budget announcements

- Income tax & NI rates will remain the same for five years.

	2021/22 to 2025/26
Personal Allowance	£12,570
Basic Rate (20%)	£12,571 - £50,270
Higher Rate (40%)	£50,271 - £150,000
Additional Rate (45%)	£150,000 or more



Budget announcements

...continued

- Harmonisation of self-assessment tax return penalty regime:
 - Late submission – point based system
 - Late payment
- Effective 6 April 2023 for those with business & property income in excess of £10,000.
- Effective 6 April 2024 for all other self-assessment taxpayers.



Budget announcements

...continued

- Increase in Corporation Tax from 19% to 25%.
- Not in effect until April 2023.
- Applies to all entities with profits over £250,000.
- Reduced rates if profits below £250,000.



Budget announcements

...continued

- Global Business Mobility visa for overseas businesses to be introduced in 2022.
- Updates to Global Talent visa & Innovator visa for administrative ease and simplified eligibility.
- Implementation of new points-based visa scheme to allow faster processing for skilled workers.



The image shows a pair of scissors cutting through two flags. On the left is the Union Jack (UK flag) and on the right is the European Union flag (blue with yellow stars). The scissors are positioned in the center, with the blades cutting through the fabric of both flags. The background is dark and textured.

Brexit issues



- EU-UK Trade and Cooperation Agreement includes protocols on social security coordination.
- Similar social security treatment to the previous EU social security coordination regulations but not an exact duplication.
- EU regulations apply to those covered under the Withdrawal Agreement provisions where their circumstances continue ‘without interruption’.
- UK has Double Taxation Agreements (DTAs) with many countries, including with the EU, so no direct change from 1 January 2021 in respect of income / wage tax.

A pair of scissors is shown cutting through the Union Jack (UK flag) on the left and the European Union flag (blue with yellow stars) on the right. The scissors are positioned vertically, with the blades meeting at the top and the handles extending downwards. The flags are slightly wrinkled and appear to be made of fabric.

Brexit issues ...continued



- EU nationals wishing to continue living and working in the UK will need to obtain Pre-Settled or Settled Status.
- The deadline for applications for the EU Settlement Scheme is 30 June 2021.
- Applications can be made online, via an app, over the phone, or by post.
- EU nationals without Settled or Pre-Settled Status will need an employer need to sponsor them under the Points-Based System.



Compliance considerations – 2021/22

Intermediaries legislation – ‘IR35’

- IR35 changes from 6 April 2021
- Personal service companies (PSCs) and other intermediaries
- Medium and large-sized private sector end-clients
- End-client rather than PSC will be responsible determining whether the IR35 rules apply, rather than the PSC itself
- Small company exemption applies where 2 of the following 3 criteria are met:
 - Turnover of no more than £10.2 million
 - Balance sheet total of no more than £5.1 million
 - 50 employees or less



Compliance considerations – 2021/22

Intermediaries legislation – ‘IR35’

- IR35 - international issues
- Two main scenarios to be aware of:
 1. PSC / worker tax resident in UK but End-client “wholly overseas” i.e. no UK permanent establishment
 - ⇒ End-client is outside new IR35 rules, but old rules still apply so PSC must still consider IR35 principles
 2. End-client resident in UK but PSC / worker non-UK tax resident and services performed outside the UK
 - ⇒ Outside IR35 because PSC / worker not within UK charge to tax
- Variations to these scenarios need to be carefully considered



Compliance considerations – 2021/22 ...continued

- Pandemic has led to increased remote working on an international scale.
- Employer and individual income tax, social security, Permanent Establishment (PE) and compliance considerations.
- Recent OECD guidance in respect of the ‘exceptional’ and ‘temporary’ impact of public health measures due to the Covid-19 pandemic.
- Need to understand how each jurisdiction will apply this guidance and for how long.
- Formation of a remote working habit.
- Employee requests versus employer’s preparedness for international remote working culture.



Compliance considerations – 2021/22 ...continued



- Managing PAYE withholding for employees - applications for s690 directives and NT coding notices.
- Short Term Business Visitors (STBV) Reporting to HMRC.



**Compliance
considerations –
2021/22
...continued**

- Termination payments for not UK residents subject to tax and NI if relates to period they would have worked in the UK.
- Not UK resident Stamp Duty Land tax surcharge of 2%.



Compliance considerations – 2021/22 ...continued

- DAC6 / EU Mandatory Disclosure Rules applied from 1 July 2020 (but requires a review of reportable cross border arrangements from 25 June 2018).
- Deadlines for reporting of retrospective arrangements and new arrangements to be reported electronically within 30 days of implementation.
- Requires taxpayers or intermediaries to report cross border arrangements to relevant authority where one or more ‘hallmarks’ – A to E – is exhibited.
- EU-UK Trade and Cooperation Agreement instead adopts minimum reporting requirements in line with OECDs mandatory disclosure rules.
- Only hallmark D cross border arrangements need be reported to HMRC.
- EU continues to apply DAC6 / EU Mandatory Disclosure Rules.

Actions



1. Identify immediate and long-term goals for your business – do you have an appropriate strategy in place to identify and address the global mobility implications?
2. Are you considering adopting international remote working as a new way of working as opposed to a reaction to the pandemic? Does your workforce expect you to do so?
3. Are you comfortable that all settled status and / or visa considerations are being addressed for those that are expected to continue to live and work in the UK?



Q&A session
Any questions?





Contact us



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