

Short-term business visitors, are you compliant?

RSM

HMRC is increasing its focus on compliance around business travelers to the UK

- Strict PAYE (pay as you earn) obligations exist for employers in the UK, with withholding required when an employee from an overseas parent, subsidiary or associated company visits the UK for work, with no de minimis. A failure to abide by PAYE will result in a compliance failure for the company.
- The Appendix 4 "Short-Term Business Visitor (STBV) Arrangement" enables the PAYE obligation to be relaxed provided certain conditions are met and reporting is submitted to HM Revenue & Customs, the UK's tax authority, on an annual basis by May 31.
- Due to the information-sharing arrangement between the UK and other jurisdictions, HMRC now has access to far more information on internationally mobile employees than ever before.

Benefits of an STBV agreement

- Addresses the cash flow issues and administrative burden around tax withholding in the UK
- Avoids the time and expense of filing UK tax returns to reclaim the UK tax withheld when an agreement is not in place
- Provides peace of mind around compliance requirements for employees and for your business, particularly when there is a senior accounting officer reporting requirement

Common challenges your business may be facing

Tracking

How comfortable are you that all available data sources are picked up?

Branch structures

Have you recently reviewed your corporate structure to ensure that any individuals undertaking work in the UK are not coming from an overseas branch of the UK entity?

Day counting

Are you comfortable that employees meet the conditions of the relevant double tax treaty? It is common to see tracking and reporting errors where only UK workdays are tracked and reported. This does not necessarily give the full picture of an individual's eligibility to be included in the report.

Nonresident directors

Statutory directors of a UK company who are performing UK board duties while in the UK are not eligible for inclusion on an Appendix 4 report. Are you comfortable that you are accounting for PAYE correctly in relation to such individuals?

Country of origin review

Are you comfortable that the individuals are visiting the UK from a country with which the UK has a double tax treaty?

Recharges, "60-day rule" and "economic employment"

The concepts involved are technical and nuanced. Are you comfortable that you are applying them correctly?

How can we help?

- End-to-end traffic-light report of your employee travel data
- Light-touch sense check of your annual STBV reports ahead of submission to HMRC
- Support in implementing processes and policies for your business traveler population
- Workshop on STBV obligations for accountable individuals in your business
- Governance review of you existing STBV processes and policies
- Application to HMRC for Appendix 4 and/or Appendix 8 agreements

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