

2023 TAX GUIDE FOR EMPLOYEE GLOBAL MOBILITY

INTRODUCTION

With globalization, freedom of movement and emerging businesses across the world the cross-border provision of services and employment of workers has gained more significance than ever before. But new opportunities bring new administrative obligations and responsibility for the management, HR department and employees. As tax and reporting obligations of posted workers or employed persons from abroad differ by each country, the proper setup of non-resident employment requires a thorough strategic planning.

Following the UK's exit from the European Union, expats have been affected by changes to visa requirements when seeking to leave and work in the UK. It is now necessary to obtain a visa to expatriate to the United Kingdom. Even if you are national or resident in an EU country. There are several types of visas available, including the skilled-worker visa for eligible job positions, the global talent visa for highly qualified individuals in certain fields, the student visa for those studying at a British institution, the graduate visa for those who wish to stay and work after graduating from a British institution, and the family visa for those joining a spouse or parent who is already living in the UK.

Our overview on tax residency conditions, personal income tax, social security and health insurance contributions and penalties for non-compliance provides an easy-to-follow guide for a global mobility strategy in the United Kingdom.

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TAX RESIDENCY

Definition and requirements

A person is considered a tax resident in the United Kingdom if:



if they have, or have had, a home in the UK for all or part of the year



if they spend 183 days or more in the UK during the tax year



if they work sufficient hours in the UK

Days of presence

For the purposes of the calculation of days of presence in the UK within one or more periods, any part of the day of presence is regarded as a whole day (including the day of arrival and the day of departure).

Split tax residency

When you move in or out of the UK, the tax year is usually split into 2 – a non-resident part and a resident part. This means you only pay UK tax on foreign income based on the time you were living here. This is called split-year treatment. You don't need to claim split-year treatment – it is applied automatically.

You will not be entitled to split residency if you live abroad for less than a full tax year before returning to the UK. You also need to meet other conditions.



PERSONAL INCOME TAX

Tax rate and tax period

0% is the applicable tax rate for annual taxable income up to GBP 12,570

20% on annual taxable income from GBP 12,571 to GBP 50,270

40% on annual taxable income from GBP 50,271 to GBP 150,000

45% on annual taxable income over GBP 150,000



the tax period runs from 6th April to 5th April each tax year

Tax base and deductions

The UK tax base is calculated by determining an individual or a company's income, profits, or capital on which taxes are levied. This includes wages, investments, and business profits, among other sources of income. The government also uses deductions, exemptions, and credits to adjust the tax base and determine the final amount of taxes that must be paid. The UK has a progressive income tax system, which means that individuals with higher incomes pay a higher percentage of taxes.

In the United Kingdom, certain types of income are not subject to tax. These include:

- **Personal Allowance**
A certain amount of income is not subject to income tax, this is called the Personal Allowance and the amount changes each tax year.
- **Capital Gains Tax (CGT) Allowance**
When an individual sells an asset that has increased in value, they may have to pay CGT on

the gain. However, there is also a CGT Allowance, which is the amount of gain on which no CGT is payable.

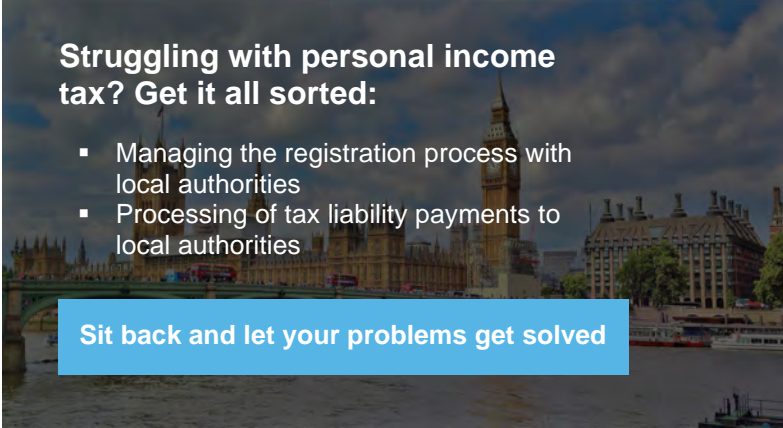
- **Dividend Allowance**

Dividend income is subject to tax, but there is a Dividend Allowance of £1,000 for the 2023-2024 tax year, which means that the first £1,000 of dividend income is not subject to tax.

- National Savings & Investments (NS&I) interest
- Premium Bond prizes
- ISA savings.

Some benefits in kind (non-cash benefits provided by an employer) are not subject to tax, such as workplace parking, a company mobile phone, or a company car.

It's important to note that this is not an exhaustive list and the rules regarding taxable and non-taxable income can change from year to year.



Struggling with personal income tax? Get it all sorted:

- Managing the registration process with local authorities
- Processing of tax liability payments to local authorities

Sit back and let your problems get solved



SOCIAL SECURITY CONTRIBUTION

Social security contribution rate and registration

The rate of social security contributions paid by the UK employer is:

0% up to GBP 9,100 per tax year

3.8% from GBP 9,101 per tax year

Social security contribution base calculation

The employer will pay 13.8% employers' national insurance on any income over GBP 9,100.



HEALTH INSURANCE

Health insurance is an optional benefit offered by employers to their employees in the UK. If an employer offers health insurance, the employee has to pay tax on the benefit, either via the payroll or via the submission of a P11D at the end of the tax year.



UK TAX RESIDENT WORKING IN ONE OR MORE OTHER COUNTRIES

Personal income tax return filing

A review of whether the UK citizen is required to file a tax return for the applicable tax year will need to be undertaken, utilising the UK residency tests. If the UK citizen falls under the requirement to file in the UK, the submission requirement of the tax return will be the 31st of January.

Avoiding double taxation

The UK have double tax treaties with a range of countries, full list can be found [here](#). However, to ensure the correct application of tax is applied please ensure you speak to one of our tax professionals.



TAX RESIDENT OF OTHER COUNTRY WORKING AND PAYING TAXES IN THE UK

Personal income tax return filing

A review of whether the foreign citizen is required to file a tax return for the applicable tax year will need to be undertaken, utilising the UK residency tests. If the citizen falls under the requirement to file in the UK, the submission requirement of the tax return will be the 31st of January.



PENALTIES

Penalties related to tax

In the United Kingdom, you will get a penalty if you need to send a tax return and you miss the deadline for submitting it or paying your bill. You will pay a late filing penalty of £100 if your tax return is up to 3 months late and will have to pay more if it's later, or if you pay your tax bill late. Interest is also charged on late payments.

Penalties related to social security

Interest will be charged on late payments of social security.

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Please note that our publications have been prepared for general guidance on the matter and do not represent a customized professional advice. Furthermore, because the legislation is changing continuously, some of the information may have been modified after the publication has been released. Accace Adept does not take any responsibility and is not liable for any potential risks or damages caused by taking actions based on the information provided herein.



COMPLEX SOLUTIONS FOR YOUR BUSINESS

Get in touch with us to see how we can help with the agenda while you can focus on growing your business. Our experienced UK tax team, backed up by a strong international network, will guide you through the complex agenda of cross-border mobility of employees and expatriates, that requires the deep knowledge of local and international legislation in the areas of individual taxation, social security, payroll, labour law, as well as best practices when it comes to providing the necessary administrative work to ensure compliance.

Our service portfolio offers:

- Full payroll processing including payroll template
- Pension submissions to a selected number of pensions providers – Smart Pension, NEST, The People's Pension.
- Access to online portal for employee self-service
- Advice on payroll related matters
- HR administration services: HR files administration, onboarding and offboarding of employees
- Preparation of employment related documents, such as contracts, amendments and job descriptions
- Audits and inspections
- Payroll and HR online portal: payroll data exchange, HR and personal files maintenance, benefits administration, business trips management and settlement of travel expenses
- Time and attendance online portal: absence management and shift planning in the cloud
- Labour law and non-resident consulting
- Any other tax, social security and health insurance consulting

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About Accace Adept

We are a joint venture between Accace and Adept Advisory, established to pursue a long-term strategy of providing innovative Business Process Outsourcing (BPO) and advisory services to clients in the United Kingdom and South Africa. We joined forces to augment each other's valuable insight, knowhow and practices, whilst combining our experience in complementary fields of expertise.

About Accace Circle

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