



Global Mobility Alert December 2020

Introduction

We hope you and your families are well.

This year has brought major changes in the world of work and many companies had to adapt to the new remote-work landscape as their employees started working cross-border. While this new way of working comes with the advantage of a more flexible schedule and digital developments, it has a lot of consequences from a tax perspective.

In addition to the tax implications related to transferring employees around the world, UK's transition period expires on December 31, 2020, when it will officially leave the EU. Even though there is still a certain amount of uncertainty around Brexit, a set of immigration rules will come in force in January 2021. We invite you to read more in the article below.

Also featured in this edition, the tax regulations impacting tax status for expats in Argentina, a new personal income tax incentive in Lithuania, Australia's efforts to attract global talents by offering a fast-track residency option and Portuguese tech visa regulations.

Residency status key for expats in Argentina

Expat individuals and foreign entities in Argentina should consider their residency status to comply with tax regulations and mitigate their future tax risks. Common tax regulations impacting tax status include income tax source and residence, double residence and permanent residence.

Income tax source and residence

Foreign individuals with accredited employment in Argentina for a period not exceeding five years will be considered non-resident for tax purposes. Individuals, including accompanying family members, deemed non-resident in Argentina will be taxed on their Argentinean income only. By way of example, profits arising from a placement located abroad or overseas rental income will not be included within the scope of domestic regulation.

Notwithstanding, such individuals will be treated as resident for tax purposes on their worldwide income if they either become permanently resident in Argentina; or take temporary leave abroad for more than 90 days in any 12-month period.

Double Residence

When an expat ends his/her activity in Argentina and remains living in the country or returns to take up residency, it will be necessary to assess the existence of elements that might make them Argentinean residents for tax purposes. Such elements include having a vital connection such as a permanent dwelling in Argentina, or relatives. In this case, the condition of residency will be from the 1st day of the subsequent month of granting the permanent residence, or since such condition was born.

Permanent Establishment (PE)

When a foreign individual renders services to a non-resident entity in Argentina during a term that exceeds 6 months within any 12-month period, then such a situation would trigger the existence of a PE. This kind of framework might imply duties of tax and social security fulfillment as a local entity.

Based on the above considerations, expats should seek guidance to avoid losing their non-residency status which would make them liable to tax on their worldwide income.

How can Mazars help?

If you have questions or need assistance please contact your local advisor, or contact:

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Australia offers fast-track permanent residency for global talent

In an attempt to attract the best and brightest talent from around the world and boost the economy following Covid-19, Australia is offering a fast-track residency option to those with the right qualifications in the right sector.

In November 2019 the Government officially launched [5,000 new fast-track permanent visas](#) for seriously talented people to participate in high-tech initiatives throughout Australia. Due to the success of the program over the last 12 months, the number of visas allocated to Global Talent in the 2020-21 year increased to 15,000.

The Global Talent Independent Program (GTIP) sees Government officials actively seeking out and recruiting talent from around the world, starting with people who have advanced degrees and/or experience obtained in leading global universities. At the same time, very bright people without degrees can benefit from the GTIP – particularly those involved with innovative tech start-ups.

Sectors being targeted include financial technology, agricultural technology, space and advanced manufacturing, medical technology, energy and mining technology, cyber security, and quantum computing. Most importantly, the visa offered through the Global Talent Independent stream are permanent visas, meaning recipients have total flexibility about entering Australia and pursuing their career. With Covid-19 travel bans making entry to Australia difficult for many non-residents, the GTIP and Business Visa recipients are automatically provided with an exemption to the travel bans – which is a bonus

The principle behind the GTIP initiative is that recipients are multipliers, who have the potential to create large numbers of local jobs for Australians in high growth industries. This is consistent with the Government’s commitment to economic recovery after Covid-19.

Typically, permanent visas take months to be granted, however the GTIP visas attract the highest possible processing priority under a Ministerial Direction. Typically, once lodged, these applications are decided in just a few weeks.

Global Talent success story

A recent success story involves a new mining and mineral processing company client. The German company wanted to send a highly skilled executive to Australia to help run the business. Mazars in Brisbane worked with a referral partner, [Emergico Migration](#) who quickly helped secure a Global Talent Visa for the executive. [Mazars HR Consulting Division](#) then worked with the Australian and German client to design a salary package to comply with Australia’s extensive industrial relations laws, the migration act and benefiting the company and executive.

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Tax incentive set to enhance benefits and business growth in Lithuania

Lithuania has introduced a new personal income tax incentive which is set to make stock options a very attractive employee motivation alternative in Lithuania. The new rule creates a non-taxable benefit for employees entitled to stock options. If shares are held and not exercised for a minimum of three years after the moment when stock options were granted, such benefit received is not considered to be subject to personal income tax. This amendment applies to the stock option agreements concluded after 1 February 2020.

Moreover, capital gains derived from further sale of shares are taxed more favourably than employment related income – 15% (20%) personal income tax rate applied to capital gains compared to 20% (32%) applicable to salary.

In case shares are granted within the three-year period, the difference between the fair market value of the shares at the exercise date and the grant price shall be taxed as employment related income.

The law changes are relevant to stock options granted by the employer or related entities and might be effectively used by any company, however, start-ups might find it especially attractive. The new tax incentive would give an opportunity to attract qualified employees at the initial stage when start-ups do not have sufficient resources to offer competitive salaries.

A similar incentive for social security contributions is already in force, whereby the employees' benefit received at the exercise date is not subject to social security contributions, provided that the vesting period is not shorter than three years.

It is also worth mentioning that all expenses related to stock options incurred by the employer can be recognized as deductible expenses for corporate income tax purposes and reduce taxable profits of the company. Consequently, stock options create a more favourable environment for establishment and growth of business in Lithuania.

How can Mazars help?

If you would like to know more about taxation of expatriates, please contact your local advisor, or

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Tech Visa in Portugal

The Tech Visa program was introduced in Portugal to attract foreign investment, enhance innovation across companies by allowing highly qualified and specialized professionals to access the job market in Portugal in a simplified and expedite way, therefore increasing the competitiveness and know-how of Portuguese companies, ultimately aiming the creation of a tech hub in Portugal.

The program in an overview

The program is addressed to companies that hire highly qualified and specialized professionals who are resident in a country outside the Schengen area. Under the Tech Visa program, companies issue a digital term of responsibility for the professionals hired, allowing them to obtain a visa / resident permit through a simplified mechanism.

To be eligible to the program, both companies and professionals should comply with a set of requirements, such as:

- Companies should be recognised and certified by the Portuguese Agency for Competitiveness and Innovation ("IAPMEI") as tech and innovative companies; and,
- Individuals should, among other requirements, have completed, at least, a Bachelors degree or equivalent or, in case of a lower degree, should have, at least, 5-years of technical experience and have an employment agreement for, at least, 12 months.

For more detailed information regarding eligibility requirements, we refer to the official website of IAPMEI (<https://www.iapmei.pt/Paginas/Tech-Visa-en.aspx>).

In a nutshell, the Tech Visa allows companies to hire highly qualified professionals which do not have an automatic visa to work in Portugal, expediting the process for both individuals and companies.

In parallel, there are special tax regimes in Portugal that may allow individuals to benefit from special tax conditions, such as a flat tax rate of 20% on employment income for a 10-year period (Non-Habitual Resident tax regime). The combination of both regimes provides a very attractive mix for these professionals.

Individuals that do not qualify for the Tech Visa, may also take advantage of other expedite visas that aim the investment in Portugal, such as the "Golden Visa".

How can Mazars help?

Mazars is available to assist companies who intend to apply to the Tech Visa program on the assessment of their eligibility as a tech and innovative companies and application to the necessary certification. We can also assist individuals on the process of relocation (e.g., request of tax IDs, Social Security registration, application to the special tax regime).

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Get ready for changes to UK Immigration rules

2021 is set to be a big year for UK immigration with the introduction of the new Points Based System and, of course, Brexit.

The new Points Based System will see the Tier 2 immigration Category replaced with a Skilled Worker Category. The main changes will be the removal of the requirement for Resident Labour Market Testing; the skill level being lowered from RGF 6 to RQF 3; and a reduction of the minimum salary threshold to £25,600 per annum.

The Home Office is aiming to issue simplified rules and guidance relating to the Visitor provisions which will allow for entry of both EU and non-EU citizens for up to six months.

A range of other immigration routes, including business mobility, innovators, ministers of religion, charity workers, sports people and to support the arts, will also be made accessible to new EU citizens.

We are currently in a transitional period that will end on 31st December 2020. EU citizen rights will remain as they are for the duration of the transition period, and they will continue to be able to come to the UK to work during the transition period, free from travel or work restriction.

Any EU, EEA or Swiss nationals who arrive in the UK before the end of this period will be able apply via the EU Settlement Scheme to remain in the UK.

The deadline for submitting applications via the EU Settlement Scheme will be 30 June 2021.

In readiness for these changes we advise that companies identify their current EEA national employees and encourage them to ensure they have applied under the settlement scheme by 30th June 2021.

Companies that have EEA nationals due to commence employment as of beginning of January 2021 will need to ensure they enter the UK prior on or before 31st December 2020 so they can enter the UK and commence work under the current free movement provisions.

Companies that currently have a Sponsor Licence to employ overseas nationals need to make sure this is fully up to date and the people within the firm are fully aware of sponsor holder duties. As of January 2021, there is a requirement to provide sponsorship to EEA nationals as well as all other foreign nationals.

With UK Visas and Immigration keen to carry out visits to ensure licence holders are upkeeping their obligations, it's important that compliance is taken seriously.

How can Mazars help?

If you have any questions in relation to the above or require assistance and guidance in relation to immigration planning during this period, please contact:

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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