



# GLOBAL MOBILITY ALERT

#April 2020



## INTRODUCTION

We hope you and your families are healthy and safe during these uncertain and unprecedented times.

The global spread of the COVID-19 affected many employers and forced them to take some difficult decisions, trying to balance the health and safety of their employees with the need to keep the business running.

Since the beginning of this crisis, we have been closely monitoring the situation and taking action to mitigate the effects of the pandemic. We remain by our clients' sides and share our expertise and experience, with advice on protecting teams, ensuring business continuity and more. With this purpose, we launched [a dedicated section on our global website](#), with insights from our international experts.

Concerning Global Mobility, OECD has recently published [guidance](#) on the taxation of cross border employees during the pandemic, under the application of bilateral tax treaties.

In this newsletter' edition, we take a look at the new non-domicile regime in Greece, as well as a new EU notification requirement for foreign workers (in the Netherlands), that applies to activities performed on or after the 1<sup>st</sup> of March 2020. In addition, you can find updates on local tax legislation from Mexico, UK, South Africa, Romania and Bulgaria.

We hope you will find this issue helpful and interesting and we are here to help you deal with this fast-moving situation that impacted the modern world in an unprecedented way.

Kind regards,

Alexander Rasink

Global Head of Global Mobility Services

# INTRODUCTION OF A NEW NON-DOM REGIME IN GREECE

- Greece is introducing a new non-dom regime (art. 5A ITC) to provide an alternative way of taxing income derived abroad by individuals transferring their tax residence to Greece (non-dom). The new regime will be subject to several conditions, including that taxpayers were not Greek tax residents for the previous seven of the eight years before the transfer of their tax residence to Greece;
- It can be proved that they invest at least EUR 500,000 in real estate or businesses or transferable securities or shares in legal entities based in Greece. The qualifying investment can be made either by themselves or relatives, such as spouses and those in the ascending or descending line or through a legal entity in which they hold most of the shares.

The scheme is for a maximum of 15 tax years, and individuals included will pay a lump-sum tax amounting to EUR 100,000 for each fiscal year, irrespective of the amount of income earned abroad. Moreover, it is possible to extend the regime to any of their relatives by paying an additional tax equal to EUR 20,000 per person per tax year. In such cases, the provisions of inheritance, gift and parental grant tax will not apply.

It is noted that any tax paid abroad by persons mentioned above on income covered by the alternative taxation regime will not be offset against their tax liability in Greece. The taxable income arising in Greece of those included in this scheme will be taxed in accordance with the general provisions of the income tax code. Also, in the event of non-payment of the full amount of the lump-sum tax, the special regime will be abolished, and these persons will be taxed on their worldwide income under the general provisions as of the tax year in question onwards.

Additionally, taxpayers opting for the regime are not obliged to declare any income earned overseas. At the same time, they will be able to justify the imputed income calculated based on deemed expenses and assets acquisition by importing funds from abroad. Individuals shall submit the relevant application for the transfer of tax residence and the non-dom status by **31 March** of each fiscal year. However, it will be possible to apply for revocation of the non-dom status in any tax year during the 15-year period.

In any case, this is a significant incentive, either for the repatriation of Greeks living abroad or to attract foreigners earning substantial income abroad, to Greece. The Minister of Finance and the Governor of the Independent Authority of Public Revenues acting together have issued recently issued a Decision setting the relevant procedure for the import of the new provisions. In particular, this regulation seeks to attract individual-tax residents of high economic surface to help increase public revenues, import funds to Greece, create investment units, job growth, and to reboot the real estate industry.

## How can Mazars help?

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# ANNUAL INCOME TAX RETURNS DUE IN MEXICO

With the tax season in full swing, the due date to file Mexican income tax returns by individuals for income derived in 2019 is April 30, 2020, with no extension. Any changes to tax returns must be made by filing an amended tax return after the due date. This requirement applies to Mexican residents and for foreign individuals that are considered resident for tax purposes. In order for individuals to verify income declared by employers, the Tax Authority provides a link on the Tax Administration Service website (SAT [www.sat.gob.mx](http://www.sat.gob.mx)). This service allows individuals to verify not only income but also the deductions available when filing the tax return. It is important to inform employers of any modifications before the annual income tax return is filed.

Individuals can verify their salary information received using the following link: <https://www.sat.gob.mx/declaracion/97720/visor-de-comprobantes-de-nomina-para-los-trabajadores>. To log in individuals need to have their Mexican tax ID and the access code known as “Contraseña” that they received upon registration of their tax information in México. The information shown on the website looks like this:

SHCP  
SECRETARÍA DE HACIENDA Y CREDITO PÚBLICO

SAT  
Servicio de Administración Tributaria

gov.mx

Última Actualización: 16/02/2020

Visor Comprobante de Nómina - Ejercicio 2019

GAGO740929HG2 | OMAR GARCIA GARCIA  
Inicio | Cerrar Sesión

Consulta > Acumulado Anual Total

### Acumulado Anual Total

Periodo que ampara la información:	Ejercicio	Mes Inicial	Mes Final
	2019	Enero	Diciembre

RFC:  CURP:

Nombre:

#### Sueldos y salarios

Total de ingresos por sueldos y salarios	<input type="text" value="\$1,421,100.58"/>	Subsidio para el empleo que le correspondió	<input type="text" value="\$0.00"/>
Total de ingresos exento por sueldos y salarios	<input type="text" value="\$1,331.43"/>	Subsidio para el empleo entregado en efectivo	<input type="text" value="\$0.00"/>

#### Impuesto sobre la renta retenido

ISR retenido	<input type="text" value="\$391,632.15"/>
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#### Datos del retenedor(es)

RFC	<input type="text" value="MNO100811LV0"/>	Nombre, denominación o razón social	<input type="text" value="MAZARS NORESTE"/>
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Keep in mind that employers are not obligated to provide the annual tax certificate of income paid during 2019. The only proof of income generated by individuals is through electronic payslips better known as Payroll CFDI provided by the employer and which provides information on payments and deductions made by the employer.

## How can Mazars help?

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# PROPOSED CHANGES TO ENGAGEMENTS WITH OFF-PAYROLL CONTRACTORS (IR35) IN UK



The Government has announced that the reform to the off-payroll working rules that would have applied for people contracting their services to large or medium-sized organisations outside the public sector will be delayed for one year from 6 April 2020 until 6 April 2021.

This is part of additional support for businesses and individuals to deal with the economic impacts of Covid-19. This means that the different rules that exist for inside and outside the public sector will continue to apply until 6 April 2021.

This announcement is a deferral of the introduction of the reforms, not a cancellation. The Government remains committed to introducing this policy to ensure that people working like employees, but through their own limited company, pay broadly the same tax as individuals who are employed directly.

From April 2021 all medium and large-sized business clients will have to assess the employment status of their contractor workforce who personally provide their services via their own limited company.

As part of this assessment, the client must provide the contractor with a Status Determination Statement advising them of the employment status reached for tax purposes. When an “employment” decision is assessed, the client (or the entity which pays the contractor e.g. an agency) is required to withhold income tax and NICs from payments made to the contractor’s company, and is also liable to employer NICs, and Apprenticeship Levy if applicable, on the payments made. This needs to be administered through payroll, similar to payments made to UK employees.

If a non-UK resident client has a presence or permanent establishment (PE) in the UK these rules apply and the client will need to assess the employment status of its UK contractor workforce. However, when a medium or large-sized client is based wholly overseas, with no UK connection whatsoever, these rules do not apply.

Broadly, a medium or large-sized business client is one that meets two of the following three conditions for two consecutive years:

- Turnover exceeds £10.2m
- Balance sheet total assets exceed £5.2m
- Average of 50 or more employees

Further complexities also arise when overseas contractors provide their services in the UK – these will also need to be considered for assessment where there is a UK presence.

Assessing employment status in the UK is complex; we therefore recommend that clients seek advice to assist with the assessment of employment status. This will help demonstrate that ‘reasonable care’ has been taken and highlight to HMRC that consistent robust controls are in place to mitigate any challenges and / or liabilities / penalties.

## How can Mazars help?

Mazars has developed a unique approach and tool, utilising both our expertise and technology which can assist with and help simplify the employment status assessment process, as well providing practical advice to help navigate through the complexity these changes bring.

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# CHANGES TO FOREIGN REMUNERATION EXEMPTION AND FINANCIAL EMIGRATION RULES IN SOUTH AFRICA



Following the proposed amendments to the foreign remuneration exemption, many South African taxpayers working abroad have taken extensive steps to sever ties with South Africa to circumvent the application of the legislative amendment. In response, in its 2020 Budget Speech, the National Treasury announced the phasing out of financial emigration through the South African Reserve Bank and the increase in the tax exemption on foreign remuneration from R1 million to R1.25 million with effect from the 1<sup>st</sup> of March 2020.

**South African residents working abroad who are still resident for tax purposes in South Africa are subject to tax in South Africa on their worldwide income and capital gains.**

The South African Income Tax Act, however, provides for an exemption of foreign employment income where the remuneration is earned for services rendered outside of South Africa for a period exceeding 183 full days in aggregate and a period exceeding 60 full continuous days in any 12-month period commencing or ending during the tax year, i.e. a tax year commencing the 1<sup>st</sup> of March and ending the last day of February the following year.

Previously, foreign employment income meeting all the requirements was exempt. However, new limitations on foreign employment income exemption up to R1 million per year were proposed and due to come into effect on the 1<sup>st</sup> of March 2020.

Since the limitation on the foreign employment exemption was proposed, South African tax residents working abroad have sought advice on ways in which they can minimise the impact of the amendment to the foreign employment exemption, with most concluding that breaking tax residency was the best solution.

Commentators created a great deal of confusion, suggesting a “financial emigration” as the guaranteed method of breaking tax residency in South Africa. Financial emigration is, however, an exchange control concept and not an income tax concept.

Regarding exchange control, South African exchange control residents are subject to restrictions in respect of the movement of capital and foreign currency transactions. In terms of current policy, a person who is an exchange control resident will remain a resident for exchange control purposes until they have financially emigrated by making the necessary application to the South African Reserve Bank.

A financial emigration may be indicative of the fact that an individual has taken steps to break tax residency, but this is not conclusive.

In order to stem the tide of financial emigrations and tax residents breaking tax residency, National Treasury has decided to take measures to encourage South Africans to maintain ties with South Africa by increasing the foreign employment exemption to R1.25 million from the 1<sup>st</sup> of March 2020, and phasing out the concept of financial emigration by the 1<sup>st</sup> of March 2021.

The intention is to allow individuals working abroad more flexibility, provided they are in good standing with the South African Revenue Service and funds are legitimately sourced.

Under the new system, emigrants and residents who are natural persons will be treated identically for exchange control purposes.

In our opinion, South African residents currently working abroad should obtain sound tax and financial advice in order to ensure that they are tax compliant and do not enter into unnecessary financial emigration steps if this is not required.

### **How can Mazars help?**

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# WORKERS IN THE TRANSPORTATION SECTOR FACE CHALLENGES IN OBTAINING THE A1 CERTIFICATE IN ROMANIA

Dealing with the movement of people and products, the transportation sector is an industry of significant economic importance. In the last decade, the European Union has made major steps towards building a truly comprehensive mobility policy for the internal market, based on common political principles and solidarity.

In terms of social security, the employees who perform an activity in another Member State or in multiple Member States on a temporary basis should have an A1 Certificate of Coverage (A1 CoC) in order to prove that Social Security Contributions (SSC) are paid in the Home Country.

For Romanian employees who work in the transportation sector on a temporary basis abroad, employers should obtain an A1 CoC from the National Public Pension House (NPPH). In the absence of such a document, SSC will be due also in the Host Country. The procedure of obtaining the certificate can be a challenge for employers as several specific conditions must be fulfilled. Besides the various documents required as per the local legislation, in order to obtain the A1 CoC the employer must prove that a substantial part of their overall business activity is performed in Romania, in accordance with EU legislation.

As each Member State applies the provisions of the European Regulation 883/2004 (EU Regulation), a threshold of 25% from the total turnover was imposed by the Romanian authorities in order to prove the substantial activity requirement is met, even if such a condition regarding the turnover is not exclusively mentioned under the EU Regulation.

In this context, we noticed that NPPH issues the A1 CoC at the request of certain employers, even though the 25% substantial activity requirement is not met. Also, the general rule requests a minimum 25% of the total employees to remain in Romania. However, for the transportation sector, this rule is not mandatory,

with no minimum percentage of the remaining employees being applied.

Based on our discussions with the representatives of NPPH, we were informed that for the issuance of the A1 CoC, they request proof that at least a threshold of 5% from the total turnover is derived in Romania of companies which perform business in the cross-border transportation sector.

For this reason, we have requested an official answer from the NPPH in order to clarify the application of the EU provisions in Romania considering an equal treatment should be applied in each Member State. We are currently waiting to receive an official response. Under such conditions, the issuance of the A1 CoC for the cross-border transportation sector will be more accessible.



## How can Mazars help?

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# NEW SOCIAL INSURANCE MEASURES ADOPTED IN BULGARIA

Following the adoption of Bulgaria's 2020 Public Social Insurance Budget Act (hereinafter The Act), a number of important matters relating to social security contributions have now been addressed.

Firstly, no contributions shall be made in year 2020 to the Fund "Guaranteed Claims of Factory and Office Workers". The maximum amount of the guaranteed claims for year 2020 pursuant to the Act on Factory and Office Workers' Claims Guaranteed in the Event of Their Employer's Bankruptcy is set at BGN 1,525, compared to BGN 1,400 in 2019.

The above-mentioned increase is due to Ordinance of the Council of Ministers Nr. 350/19.12.2019 under which the minimum amount of the monthly remuneration was increased to BGN 610, up from BGN 560 in 2019.



At the same time, the provision of Article 22, par. 2 of the Act on Factory and Office Workers' Claims Guaranteed in the Event of Their Employer's Bankruptcy states that the maximum monthly amount guaranteed of the employee's claim shall not be less than 2.5 minimal working remunerations.

Unchanged remains the threshold for the maximum monthly amount of the contributory income remains at BGN 3,000. Also unchanged are the contributions for Pension fund of the public social insurance; contributions for the other funds of the public social insurance; and, the percentage of contributions to be paid by the employer.

## 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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(acting as a liaison for our firm in Bulgaria)

# NEW NOTIFICATION REQUIREMENT FOR FOREIGN WORKERS IN THE NETHERLANDS

The Dutch authorities have introduced an essential change that will apply to foreign employers posting foreign workers to the Netherlands from 1 March 2020. As of this date, foreign service providers are required to submit a notification with the Dutch social security authorities (SVB) for each foreign worker who will be posted to work in the Netherlands. This obligation to report is part of the Dutch “Wet arbeidsvoorwaarden gedetacheerde werknemers in de Europese Unie”, or WagWeu for short, which came into effect on 18 June 2016.

The notification requirement applies to activities performed on or after 1 March 2020. The Dutch authorities have set up an online portal to file the notifications electronically, which will be available in both the Dutch and English language.

## Who should report?

The requirement to file a notification applies to employers abroad and self-employed persons from the European Economic Area (EEA) and Switzerland who work temporarily in the Netherlands. This includes the following three categories:

### 1. Service providers

These are employers established outside the Netherlands and perform services on a temporary basis in the Netherlands with their own employees; multinational companies that second employees to their own branch in the Netherlands; or employment agencies supplying temporary agency workers available in the Netherlands. During their work in the Netherlands, the employment contract with the foreign employee must be maintained.

### 2. Self-employed persons

A foreign self-employed person who temporarily performs an assignment in the Netherlands in one of the designated sectors, such as construction, cleaning, food, metal, care, window cleaning, or agriculture and horticulture.

### 3. Service recipients

Parties that engage a foreign company or self-employed person to perform temporary services in the Netherlands will also be required to ensure that the applicable notification requirements are met.

## What should they report?

The notification contains information about the nature of the work, the duration of the posting and the work address. Also, the information about the identity of all parties involved should be provided. The obligation to report ensures that the Dutch labour inspector, Inspectorate SZW, is given more tools to monitor and enforce the rules that apply to foreign employees.

## Contact person in the Netherlands

Foreign employers are required to appoint a contact person in the Netherlands who can address questions from Inspectorate SZW about the notifications and the posted workers. In addition, certain documents, such as employment contracts, proof of payment to the employees, payslips, etc., must also be available at the work location during inspections. The contact person must be authorised to send and receive documents relating to the posted workers on behalf of the company. The name of the contact person will also be mentioned as part of the notification obligation.

## Consequences of non-reporting

Inspectorate SZW checks compliance with notification requirements and can impose substantial administrative sanctions if the requirements are not met. Not only can the foreign employer receive an administrative sanction, but also the Dutch client (i.e. service recipient) using the services from the foreign employer. In both cases similar sanctions will apply if reports have not been checked; inaccuracies notified; or a copy of the report not held. The notifications also need to be kept on the work location during inspections.



### How can Mazars help?

If you have further questions or would like to receive assistance from our specialists, please reach out to your local advisor, or contact:

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## ABOUT MAZARS

Operating in 91 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in the Mazars integrated partnership and 16,000 via the Mazars North America Alliance.

Mazars Global Mobility Services consists of a worldwide group of international advisors, specialising in advising employers on the international mobility of their employees. Our services include global tax compliance and optimisation, international payroll services, social security administration, shares schemes planning, and immigration services.

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