

Brexit, COVID & Internationally Mobile Workers - Tax & social security

International employee moves used to be undertaken primarily for business reasons. However, both Brexit and COVID have brought about huge changes to how and where organisations employ their staff and provide services.

These changes have mainly been driven by the personal circumstances of employees. Brexit resulted in the movement of employees to and from the UK ahead of 31 December 2020 to ensure they were in certain locations ahead of the UK's departure date from the EU. Meanwhile, COVID has upended the traditional approach to workplace location, enabling or forcing many employees, both UK and foreign nationals, to work from the UK and overseas during the pandemic when they would usually be based elsewhere. Employers are often just beginning to realise that these choices have tax, legal, administration and cost implications for their business.

In addition, the EU-UK Trade and Cooperation Agreement, signed in December 2020, finally includes a new protocol to replace the EU Social Security Regulations which applied to employees moving between the UK and Europe. This provides more certainty for employers dealing with the impact of international working by their employees in the UK or the EU.

Action points for employers - tax and social security

Employers should ensure that they know where their employees are working. Some employers have found that employees they thought were working



from home in the UK during the pandemic have been working overseas for significant periods. Other employees have requested they work remotely overseas temporarily or permanently. In either case, employers should ensure that their employees are being treated correctly for payroll, tax and social security in the UK and overseas. There may also be corporate tax implications of an internationally spread workforce.

As the pandemic's travel restrictions ease, employers with internationally mobile employees should also review their employees' tax and social security position, particularly in light of new rules such as the updated EU social security rules in place from 1 January 2021 for workers moving to and from the UK, or working across more than one country.

At PEM, I work with our clients and contacts within our international network, Kreston International, to ensure that the UK and overseas tax, social security and payroll issues arising from employees working internationally whether for business reasons or through personal choices, are dealt with correctly and as simply as possible. If you need advice, please get in touch.



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Please note that the information contained within this factsheet is not intended to give specific technical advice nor should it be construed as doing so. Professional advice should always be sought before action is either taken or refrained from as a result of information contained herein.