

# THE EXPAT POST

ISSUE 7 - OCTOBER / NOVEMBER 2019

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# Welcome

Welcome to Alliot Group/Global Mobility's Autumn edition of The Expat Post – our newsletter bringing you the latest updates from the Global Mobility sector.

This edition has been specifically curated for the Forum for Expatriate Management's EMEA Summit, taking place in London from 20-21st November. This two-day conference will bring together 400+ global mobility and HR professionals from 100 companies across a wide variety of industries and will be attended by a 27-person-strong multidisciplinary global team of tax advisers, immigration experts and lawyers from 18 independent Alliot Group member firms. For a list of our expert members who will be attending the Summit, please see page 3.

On pages 4 and 5 you will find a special feature based on the 30-minute presentation that will be given at the EMEA Summit by four of our Alliot Group/Global Mobility experts. The session will explore some of the lesser known and commonly overlooked, yet very much crucial, aspects of international assignments including marijuana, death in service, visa issues and family rights.

Page 6 contains some tips and tricks for ensuring easy and timely payment of your employees wherever they are across the globe while page 7 tackles the importance of cultural agility when it comes to international assignments.

Lastly, immigration specialist Graeme Kirk provides an update on the key trends and challenges impacting EU and foreign businesses today.

*Luc Lamy*



**Luc Lamy,**  
*EMEA Chair of Alliot Group's  
Global Mobility Services Group*

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# Alliott Group/Global Mobility sponsors the **FEM EMEA Summit 2019**



Alliott Group/Global Mobility are proud co-sponsors of this prestigious conference, which brings our team into personal contact with some 400 global mobility professionals working for international employers and leading vendors in this fast-growing market sector.

Our Global Mobility Team at the FEM EMEA Summit includes:

	<b>Austria</b>	 <b>Martin Seidl</b> <i>Partner</i> Asontas		<b>Netherlands</b>	 <b>Fred Krabbendam</b> <i>Director Global Mobility</i> Borrie Expatriate Services
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# DEATH IN SERVICE, MARIJUANA, FAMILY RIGHTS & CRIMINAL CONVICTIONS:

## Commonly overlooked aspects of international assignments

Too often employers consider only commercial factors when making decisions about international employee transfers. However, there are many other issues which are often overlooked and should be on any employer's checklist. Our Global Mobility experts will explore some of these in our insight session summarised below.

### Death in service

One aspect of international assignments that is rarely touched upon is what happens when an assignee dies while on assignment. Here are a few of the tax and civil issues that may come into play in such a scenario:

- Personal Income Tax Return

Anyone who falls within the scope of a country's income tax is required to file a tax return. When this person dies, the obligation to file a tax return is usually passed on to their heirs.

- Inheritance laws

Any (international) succession has two aspects: a civil and a tax aspect.

At the EU level, successions are civilly devolved under the law designated by a Regulation. The law of the deceased's last habitual residence will apply if he has not opted for the law of his State (art. 21-22).

There is a general lack of international coordination of tax policies on the treatment of cross-border successions. Cases of international double taxation are therefore frequent, meaning that the situation could quickly turn into a disaster for the heirs of the executive who died during international assignments.

- Survivor's financial support

When a person dies, the surviving relatives may have the right to claim survivors' benefits.

The EU has adopted a Regulation on this. This Regulation does not force States to adopt survivor's benefits but coordinates their granting when States actually adopted them.



**Luc Lamy**

■ Tax Consult  
📍 Belgium

### Taxing international assignments

There are various aspects to consider when it comes to taxing international assignments. Front of mind for assignees are the tax breaks and benefits that they and their family members are entitled to. Common questions to consider here are:

- Which family members can be paid for tax free?
- What travel costs can be claimed?
- What about accommodation expenses and benefits in kind?

The length of an assignment is key when it comes to taxation. Short Term Business Visitors (STBV) who come to the UK for less than 183 days on a short-term contract from their overseas employer may be exempt from applying PAYE. If certain conditions are met and agreement is reached with HMRC, the costs are borne overseas and not in the UK which means PAYE is not applied. Alternatively, for one or two employees, employers might consider applying for a NT tax code to apply to a UK payroll paying the employees.

On the other hand, individuals that are in the UK for more than 183 days are automatically UK resident for tax purposes. The initial requirement is that the assignee declare worldwide income and pay UK tax on this to HMRC. However, they may be able to apply for a remittance basis of tax which means they only pay tax on income and gains remitted to the UK, but there are costs involved in doing this so it is not straightforward.



**David Gibbs**

■ Alliotts  
📍 UK



## Visa Issues

Visas can be a complicated business rife with pitfalls. Here are some of the commonly overlooked issues seen by our experts:

- Does the employee have any previous criminal convictions? If so, what and when?
- Does the employee have any previous adverse immigration history anywhere in the world, e.g. visa refusals?
- Will the visa you are obtaining potentially enable the employee to apply for permanent residence rights? This is often an issue of concern to the employee and is often not raised by the employer. If the answer is no, has this been discussed with the employee?
- Can the employee enter the country to which they are being transferred as a business visitor or do they require a work visa? Get it wrong and your employee might be stopped from entering or required to return to the home country to apply for a different visa.



**Graeme Kirk**

Ellisons  
Solicitors

UK

*"The price of a failed assignment can be huge. It's expensive to send someone to work abroad, only to bring them back a few months later. Our experts find that businesses don't always factor the length of time it takes to deal with immigration compliance and vetting into planning international moves. Budgeting is also an issue that arises time and again: costs such as the Immigrations Skills Charge and the Immigration Health Surcharge are often overlooked so it is important to know exactly what your outlay will be. It is also vital to understand the visa category that has been proposed and the terms and conditions that apply, remembering that each country has its own documentary requirements that individuals are expected to obtain, usually prior to entering the country."*



**Melissa Vangeen**

Sherrards Solicitors LLP

UK

## Family is Key

Often overlooked when it comes to an international assignment are the factors that may seem of secondary importance to the employer but are front of mind for the employee. One such example is the status of the assignee's family members.

One of the key deciding factors for any employee choosing whether or not to accept an international assignment is

what rights their loved ones will have. Despite this, our experts find that employers routinely overlook these more personal questions in favour of seemingly more pressing commercial factors.

Essential questions that need to be asked include:

- What family does the employee wish to bring with them?
- Can they do so? Do they have to be married?
- Are they allowed to work?
- What are the tax implications?

The wrong answers to these questions, or not answering them at all, may result in the employee refusing the transfer.

## Marijuana Controversy

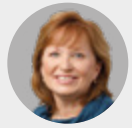
Recent changes in marijuana laws in the United States have resulted in a complicated dichotomy that is causing confusion for foreign nationals and employers.

More than half of the states in the U.S. have now legalized the use of marijuana for recreational and/or medical purposes. However, under Federal law, the manufacturing, cultivation, distribution, dispensing, possession, importation and exportation of marijuana and other controlled substances, as well as the selling or importing of drug paraphernalia which includes any items which are intended for ingesting and inhaling marijuana, is illegal.

This sets up an interesting scenario for foreign nationals who seek admission to, or other immigration benefits, from the U.S. and we are seeing heightened focus and scrutiny on drug use particularly by the U.S. Customs and Border Protection (USCIS) Officers during an applicant's admission process to the U.S.

Regarding marijuana in the workplace, employers are still permitted to have reasonable zero tolerance or drug free workplace policies provided they are applied in a non-discriminatory manner and comply with a specific state's drug testing law(s) and any right to privacy statute or similar law.

**International assignments pose a unique and complex challenge to an employer. Ensuring you focus on both the common challenges and the lesser known pitfalls will ensure a successful, straight forward and cost-effective assignment. On the other hand, get these issues wrong and you may have to face a number of consequences including, but not limited to, assignment refusal, visa refusal, long-term entry ban, unforeseen repatriation costs, denial of benefits including lawful resident status and naturalization.**



**Kathleen Gaber**

Masuda,  
Funai,  
Eifert &  
Mitchell, Ltd.

USA



# PAYING YOUR PEOPLE

Paying the right people, in the right place,  
at the right time - quickly, easily and securely

As more companies expand globally, so has the need to move talent where it's needed. Having the right people in the right place at the right time is often the difference between success and failure.

There are more companies operating internationally now that advances in technology, communications and logistics give them the scope to look beyond domestic markets to new and emerging ones. However, with every opportunity there are usually obstacles to overcome along the way.

International payroll can be one of these obstacles.

Companies often forget to think about this last piece of the puzzle. Typically, companies expanding into new countries run their finance from a central function. The question 'How will we pay our people and suppliers?' is rarely asked until there's a problem.

## **Simplify your global payments**

In a nutshell, global payments are made anywhere in any currency. On paper this sounds straightforward. The reality is that it can be anything but. There are choices to make, challenges to address and pitfalls to avoid.

A business has two choices of who to use to make international payments: a bank or a third-party provider.

Banks play a unique role in society. We all benefit from their stability, reliability and geography. They provide a range of invaluable and compliant services to millions of organisations and more than two billion individuals globally. Most banks, however, simply aren't set up to make international payments efficiently or cost-effectively. They may be using out-dated processes and systems requiring lots of manual input, making it more expensive and resource intensive than it needs to be.

By using a specialist international payment provider, businesses can process, execute and deliver multiple payments quickly, easily and securely with fewer resources and, typically, make significant cost savings.

## **What does 'good' international payroll look like?**

For employees: Salary arrives on time, every time.

For employers: Reliability, compliance, swift, seamless and affordable.

There can be a number of implications if you get your international payment processes wrong but thanks to technology, it's pretty straightforward to simplify and streamline global payments.

A third-party payment processing provider should be able to offer an end-to-end payment solution. One that automates payment processes, eliminates manual errors and verifies and validates payment data before it's sent. You shouldn't be restricted in terms of how many payments you can upload in a single file and you should have end to end tracking and reporting provided.

It's also worth considering the complexities of sending different currencies to certain countries. Your provider should proactively support you to process these and provide detail on what is required by particular countries and regional banking nuances.

At XE, our core business is International Payments. That's our focus, and our expertise allows us to deliver value to our clients.

We offer businesses of all sizes a unique mix of bank beating services and intuitive technology enabling businesses to manage their foreign exchange more cost effectively.

To speak to someone at Xe about our global payment solutions email **Jon Cawdell** or **Eleri Howe** at [allottgroup@xe.com](mailto:allottgroup@xe.com) with the subject header 'Global Payment Solutions'

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# CULTURAL AGILITY

## What is it and why do you need it?

Congratulations! You're getting a promotion and being transferred to Shanghai for the next two years to head up a big engineering project. It will involve design, logistics, putting processes into place and then training the local Chinese staff on these processes. Are you ready?

Imagine you've grown up in the Pacific Northwest, attended school on the West Coast, worked in Seattle a few years and now this. The enormity can be overwhelming. Setting aside logistics and language barriers, the cultural differences alone should be a consideration. As an American, will it be too much of a shock for you to adapt? How do you even begin to understand and prepare?

That's where Alain Verstandig comes in. As president of Net Expat, this Brussels-born son of a German father and French mother helps people develop a key skill in this age of global expansion: cultural agility.

### What is cultural agility?

In a business sense, in the era of global expansion, "cultural agility is the ability to efficiently work, build trust, sell, negotiate and supervise across cultural barriers," Verstandig says. If you don't understand the culture you're moving to, visiting temporarily or even speaking to over Skype or email, you won't be able to build the trust and will not be successful. Verstandig's organization trains employees on the cultural skills they need before moving to a new locale and provide support for partners or spouses accompanying the employee.

As a first step, he recommends looking inward before studying a new culture. He often has students begin with an exam, which he likens to a cultural X-ray, to test their own self-awareness and cultural biases. Let's go back to our Seattle-China example. Some programs may just label you an American and tell you about the culture shock you'll have in China, he says. But what if you were raised by an Italian father and Irish mother in a strict Catholic household? You won't have the same "American" culture shock in China as someone else, he says. He begins the process with a very thorough cultural questionnaire and then provides the employee with very specific information taking into consideration thousands of international norms.

### The need for blended learning

When cultural agility was becoming a desirable competency, it was originally focused only on expats, Verstandig says. People who were physically moving had to be trained on culture, often in-person with a trainer. Then more people went abroad for short-term work, some became virtual expats and e-learning was developed to save time and money. This worked... for a while.

*"E-learning is very flexible and allows employees to study at their own pace, 24/7, as a self-service platform. It's inexpensive. If you're moving from Seattle to Shanghai, you can take an interactive e-learning course to learn about Chinese behaviors and cultural differences. The classroom isn't necessary," he says.*

But, what if the CEO and a recent college graduate are both going to China? Do they need exactly the same course? *"About three years ago, leadership and development professionals began realizing they were at the bottom of the well on e-learning. It is not flexible in terms of learning objectives. It's not adaptive. It can't answer questions. It can't help you prepare for a presentation or adapt your leadership style," Verstandig says. The key was to combine e-learning with help from a trainer or coach.*

Blended learning uses e-learning as a foundation but allows customization. Some people can go quickly through this material or skip it altogether depending on their knowledge. Some people can do the entire course and then specifically ask how to tweak emails with Chinese stakeholders to achieve the best results. Verstandig has seen this hybrid format greatly increase uptake rate and satisfaction at his own organization and throughout this industry.

### The future of cultural agility

Using specific information about each individual from his cultural X-ray, trainers can predict how someone might clash with a new culture in up to 30 areas such as communication, risk taking, project management, and deadlines and time management, Verstandig says. Then a trainer develops a fully customized program to help someone adapt whether they're moving to a new international locale or just working virtually on the same project.

Verstandig believes in a few years, predictive analytics will continue as the next big revolution in cultural agility training, using an even more sophisticated, holistic predictive approach.

This ability to predict successful expatriation will also help employers a great deal. They won't have to consider which employee will best adapt to China; they will send the best engineer and know that person can adapt to China, Verstandig says. *"It levels the playing field when you can identify and train for weaknesses."*

To speak to someone at NetExpat, email Allison Eckhart at [aekchart@netexpat.com](mailto:aekchart@netexpat.com)

# The global mobility challenges impacting EU & foreign businesses



Head of Immigration at **Ellisons Solicitors**, **Graeme Kirk**, details the current changes in UK Immigration Law, the potential effects of Brexit and the challenges affecting global mobility.

## **Tell us about your Immigration Law expertise and the type of clients you work with.**

I have specialised in business Immigration Law since 1981 and deal with all aspects of business and private client immigration. Currently I work for major British and foreign corporations, international banks, entrepreneurs, and high-net worth individuals, and act as a UK Immigration Law consultant for many solicitors and foreign law firms.

## **What are the biggest challenges businesses are facing?**

There are a number of challenges that businesses are facing; the rights of EU nationals following Brexit, the abolition of the Entrepreneur visa on 29th March 2019, and the introduction of the Innovator visa.

There's also the Representative of an Overseas Business visa, where a foreign company applies to establish a branch or subsidiary in the UK. It's a great option, however business owners and majority shareholders are prohibited from this visa and will need to apply for the Innovator visa instead. This new Innovator visa can be quite restrictive, excluding some businesses which previously were allowed to establish a presence in the UK under the old Entrepreneur visa.

Moreover, under the Innovator visa, business plans need to be endorsed by a UK endorsing body such as a bank. Some of which are making entrepreneurs jump through hoops in order for the application to be considered, which may entice businesses to look at other options in Europe where the process is easier. This is a time when the UK should be encouraging inward investment but from our experience, the rules seem to be doing the opposite.

## **What are the current trends/changes in UK immigration?**

If the Government's proposed reforms are introduced as anticipated in 2021 following Brexit, a new visa route for short-term workers will come into play which will only allow them to work in the country for a maximum period of 12 months at a time.

Meanwhile EU citizens and migrant workers currently living in the UK must apply to the EU Settlement Scheme if they want to continue living in the country beyond 30 June 2021. From what we've seen it is a scheme that has been working well, and the government has said that there has been a substantial increase in applications for 'settled status' since its introduction.

The government is also proposing a new Australian-style point system will be introduced in early 2021, which will apply to all European and foreign nationals. In the Queen's speech it was mooted that the new system could differentiate from a similar system which was trialed in 2004 but offering migrants additional "points" if they live in the north of England or in seaside towns. This is an idea which is still very much in its infancy, and it'll be interesting to see exactly what this new system could be and how it will be set up.

## **What are the potential effects of Brexit on the UK's immigration processes/legislation?**

If there is a deal there will be transitional provisions, although these are yet to be determined. If there isn't a deal, EU nationals will need to apply for the European temporary leave to remain permit, a scheme which will open if and after the UK leaves the EU without a deal.

The medium-term plan is that after 2021, these transitional schemes will disappear and new, permanent Immigration Laws will be introduced.

With such uncertainty in the air, businesses should be making provisions for every eventuality. At the FEM EMEA Global Mobility Summit, I will be discussing some of the immigration issues that companies should bear in mind when transferring staff into other countries, and not just in and around the EU.

It's important to note that each country has its own law, and that there currently isn't a common policy – for example, some countries allow unmarried partners, but others don't. So if businesses are moving employees to another territory it's vital that they are provided with the correct legal advice and are well versed in that country's immigration law.

For European companies wishing to send staff to the UK, the immigration process depends on whether the UK leaves the EU with or without a deal. However, what we do know is that from early 2021, EU nationals coming into the UK are going to need to be sponsored in the same way as those outside of the EU are.

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