



PAYE or Short Term Business Visitor Agreement?

UK organisations with employees coming to the UK from overseas to work for a short time may create a filing requirement for the UK employer, which might be overlooked.

So if you are a UK subsidiary of an overseas organisation, or a UK company that has expanded internationally, the following may be relevant to you if you have employees travelling to the UK on business who are not employed directly by the UK entity.

The Issue

Where an employee from an overseas group company, comes to work in the UK temporarily for the benefit of a UK group company, the UK group company will have an obligation to operate PAYE on the employee's earnings as the "host employer".

Examples of the type of visitors coming to work in the UK are senior management carrying out review or planning visits, sales and pre-sales staff visits assisting with market, customer or partner development and technical and consultancy staff visits assisting with project, training, technical or support issues.

...Continued overleaf

Short-Term Business Visitor Agreements

Where certain conditions are met, a UK employer can apply to HMRC not to operate PAYE on the earnings of short-term business visitors. This is referred to by HMRC as a Short-Term Business Visitors Agreement (STBVA). In entering into the agreement, the employer agrees to certain recording and reporting obligations, which are explained further below. An STBVA can only be obtained for employees who are:

- Resident in a country with which the UK has a double tax agreement that covers employment income;
- Coming to work in the UK for a UK company or a UK branch of an overseas company;
- Expected to stay in the UK for 183 days or less in any 12-month period; and where
- The UK company or branch will not ultimately bear the cost of their remuneration.

Historically, HMRC did not insist on an STBVA where the conditions were met and the business visitors were in the UK for less than 60 days. However, since the introduction of Real Time Information (RTI) it has hardened its stance such that, in the absence of an STBVA, HMRC requires PAYE to be operated.

Non-compliance with this legislation and failure to operate PAYE in respect of overseas business visitors can lead to substantial penalties.

Recording and Reporting

An employer that has an STBVA is expected to have a reporting system to track days spent by business visitors working for them in the UK. Employees are expected to periodically report days spent in the UK on business to a central administrative point. The extent of detail that the UK employer needs to provide to HMRC depends upon the number of days that the individual spends in the UK in the tax year.

How we can help

PKF Littlejohn can provide advice to your company as to whether or not an STBVA will be necessary for your organisation. We can process the application on your behalf and provide assistance in the tracking process and annual reporting required, once the agreement has been put in place.

For more information please contact

Joseph Brown

Director – International

Professionals

+44 (0)20 7516 2252

jbrown@pkf-littlejohn.com

Sean Subeathar

Assistant – International

Professionals

+44 (0)20 7516 2365

ssubeathar@pkf-littlejohn.com