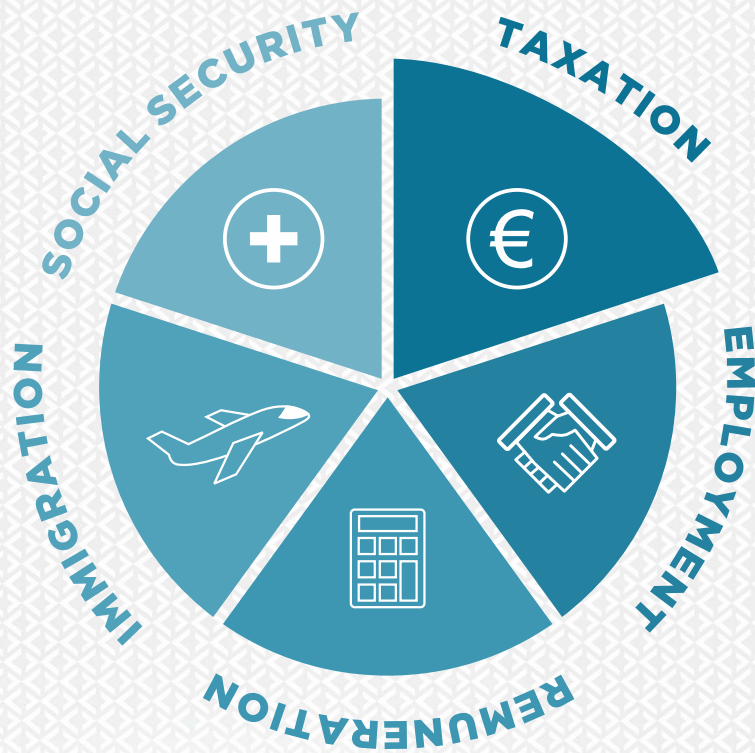


# OUR BUSINESS IS YOUR PEACE OF MIND

# TAXPATRIA

TAX & LEGAL



Companies that are active internationally will risk tax exposure in the countries where their employees are physically working. Both long-term assignments and short-term business trips could have adverse tax consequences for businesses worldwide.

Employers that think about expanding internationally should be aware of potential corporate tax risks, but also local payroll tax reporting and withholding tax requirements.

If your employees spend less than 183 days in another country, they will not be liable for local taxes

As long as you are considered tax resident in one country, you will never be considered tax resident anywhere else

## AVOIDING COMMON PITFALLS



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## TAX RESIDENCE

If you send your employees abroad for longer periods, you need to be aware that this might impact their tax residency status and tax situation in general. Where the assignment is limited to shorter periods abroad, tax residency will normally remain unchanged. However, working abroad for a longer time can result in the employee becoming tax resident in another country. If the employee is still considered a tax resident in their home country as well, this could trigger a double residence position or even a double tax issue. A thorough analysis of the relevant double tax treaty is essential in these kinds of cross-border situations.

Where company managers and directors are active internationally, this may also affect the tax residency of a company. A company can be considered tax resident in more than one country under a tax treaty, which can result in unexpected and adverse tax liabilities abroad.

## TAX LIABILITY

Each country has the right to impose its own tax rules on those that are resident in that country or those that physically work on their territory. When an individual is confronted with a tax claim by more than one country, the relevant double tax treaty will normally provide a solution. The tax treaty will tell whether the home or the host country has a right to tax.

In the case of cross-border employment, the general principle is that an employee is taxable in the country where they physically work. Although, several exceptions to this principle exist, for example, the '183-days' rule.

Where employees are working abroad, even for shorter periods of time, this may create payroll reporting obligations in the host country and sometimes even the need to file a tax return.

## PERMANENT ESTABLISHMENT

If your company is active in several countries, there are also corporate tax risks to consider. Because where revenue is generated, this will logically attract the interest of the local tax authorities. Even if you have no office or warehouse abroad, but only a few salespeople, this could already create a 'permanent establishment' for corporate tax purposes. This can result in the company's profits being considered taxable in the country where the employees are physically working.

## OUR SERVICES

TAXPATRIA can advise on all tax aspects of working cross border. Our tax services consist of: :

- Tax residency analysis for companies & individuals
- Tax status analysis of employees & self-employed
- Permanent establishment risk analysis
- Home & host country payroll processing & withholding tax obligations
- Tax analysis of salary packages & benefits
- Tax optimization & special expat tax regimes
- Tax filing assistance & compliance
- Administrative & court procedures

## YOUR TRUSTED PARTNER

Our 'Disc of Five' solution covers all aspects of cross border employment and global mobility. TAXPATRIA has become a trusted partner over the years for many international employers and mobile employees.



### SPECIALIZED

TAXPATRIA provides tailored services in complex cross-border situations to both private and corporate clients.



### PRAGMATIC

TAXPATRIA assistance is designed to meet your objectives and provide the right advice which is practical and easy to implement.



### INTEGRATED & PROACTIVE

TAXPATRIA provides integrated services worldwide within our 'Disc of Five' solution. We proactively advise on all aspects of your cross-border assignments.



### TRANSPARENT

We make sure that our fee structure is straightforward and easy to understand so our clients know that we offer value for money every step of the way.