



**JAMES COWPER
KRESTON**

Accountants & Business Advisers

Short term business visitors (STBV)

Our Global Mobility Tax service forms part of our specialist International Services offering, enabling us to advise companies and individuals on all expatriate related matters

Maximise your potential



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The Risk

In the UK, the starting point is that if an overseas employee comes to the UK for even just one day, the UK company has PAYE reporting obligations. This is cumbersome for both the company and the individual, who may also need to file a tax return to claim back any tax under a double tax treaty, as they may have tax reporting obligations in their country of residence.

The hardest part for a company is tracking employee movement and things have moved on from using the visitor book of the UK premises as a data collection tool. HMRC frequently conducts employer compliance checks and has become sophisticated in obtaining access to international travel information. Advancements in technology have made tracking travel easier and this will be even more so with the introduction of the EU entry-exit system on 10 November 2024. This will use digital photos and fingerprints to register non-EU travellers entering the EU, including those from the UK.

Penalties of non-compliance can include interest and penalties on unpaid PAYE – with a possible penalty of up to 100% of the PAYE due, as well as a 'bad mark' on the employer compliance file.

The Solution

To alleviate this burden, UK companies can sign a STBV agreement with HMRC, so that PAYE need not be operated for visitors from countries with whom the UK has a double tax treaty.

Please note that visitors from non-treaty countries are automatically excluded from STBV treatment, as are employees visiting the UK from an overseas branch of a UK entity. Similarly, if costs are recharged to the UK entity then STBV treatment may not be available unless the employee is in the UK for less than 60 days. However, even in these circumstances where Appendix 4 may not apply, an Appendix 8 agreement may be possible. Other considerations, are whether a benefit in kind is provided to the employee and if they have a Class 1 NIC liability. So although the STBV relaxes PAYE requirements, a review process is needed to determine the company's eligibility.

As part of the STBV application, the company must agree to monitor its employees' international travel and provide an annual report by 31 May after the tax-year end. The required details increase with the duration of an individual's stay in the UK. Once HMRC approves the application, the company benefits from simplified compliance under the STBV arrangement.

Although the deadline for reporting is 31 May, conversations with potentially affected companies will need to start now to determine their eligibility for the STBV scheme, analyse the employee population and advise on ongoing tracking as well as file the application.



If you think you may have clients with overseas visitors and potential payroll issues, please contact one of our Global Mobility Tax team members above.