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International newsletter

June 2023

Mercer's Global Mobility (GM) team offers integrated solutions to adress the legal aspects of international mobility.

AMERICA

ARGENTINA

Increased threshold for 13th month salary exemption

Argentina has provided that the 13th month salary is exempt from income tax for employees whose monthly gross salary does not exceed ARS 880,000, increasing the threshold from ARS 506,230, which had been established as recently as last month.

The Federal Tax Authority (AFIP) implemented the increase by providing directions to employers that act as withholding agents of income tax on salaries, stating that the 13th month salary exemption applies for tax year 2023. All these regulations were published in the Official Gazette of 16 June 2023 and entered in force from that date.

BRAZIL

Updated rules on Individual Income Tax

The Brazilian tax authorities have amended the regulations on individual income tax. The amendments mainly concern the monthly progressive income tax bracket and monthly simplified discount. Some of the main changes made by the tax authorities are described below:

- individual income tax brackets: annexes II to IV and VII were updated. They refer to monthly progressive tables, the participation in profit or results of companies, accumulated income received (RRA) and annual income tax; and
- monthly simplified discount: article 14 of Provisional Measure 1,171, amended article 4 of Law No. 9,250 of December 26, 1995, by establishing a simplified monthly discount equal to 25% of the maximum income range in the monthly progressive table that is subject to a 0% income tax rate (i.e. 7,407.11 is the maximum tax base subject to 0% as of May 2023).

We help you manage compliance and risk across borders and jurisdictions, offering clear responses to guide companies in navigating a complex international environment

CANADA

Addressing labour shortages through changes to Express Entry

Immigration, Refugees, and Citizenship Canada (IRCC) announced a significant change in the Express Entry application management system. They will now conduct category-based selection draws to provide more opportunities to skilled workers in specific occupations who may not otherwise receive an Invitation to Apply (ITA) for permanent residence. This change aims to support individuals working in Canadian industries facing or expected to face labour shortages.

The Express Entry system operates on a points-based system, where applicants earn points for personal characteristics including age, language ability, education, work experience (both inside and outside Canada), and arranged employment in Canada.

However, even with attributes like work experience and strong language skills, some individuals may not have enough points to receive an ITA for permanent residence. Consequently, eligible candidates remain in the candidate pool without the ability to submit an application.

To address this, IRCC is introducing targeted draws to assist skilled workers in high-demand occupations who have a lower points score. This change provides more predictability for Canadian businesses in specific industries to invest in foreign talent, while reducing the burden and costs associated with ongoing work permit extensions and compliance administration.

COSTA RICA

Government proposes revamping Income Tax system

The National Assembly has received a bill from the government to replace the current income tax law with an entirely new framework. With the introduction of the bill, the government aims to strengthen public finances and promote sustainable economic development through greater fairness in the fiscal system and improve tax collection.

The Bill titled "Income Tax Law" establishes the following proposed measures:

- broaden the tax base by including additional sources of income, e.g. foreign-sourced passive income;
- introduce progressive tax rates for individuals and increase the tax rate for legal entities;
- simplify tax filing processes by introducing measures to streamline compliance, reduce paperwork, and facilitate e-filing;

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- introduce specific anti-avoidance provisions to prevent taxpayers from engaging in aggressive tax planning strategies to minimize their tax liabilities; and
- increase transparency through enhanced reporting and disclosure obligations for taxpayers and provisions on piercing the corporate veil for tax purposes.

MEXICO

Introduced Teleworking Obligations for Employers in Mexico

The Ministry of Labor and Social Welfare in Mexico has introduced a new standard, Official Mexican Standard NOM-037-STPS-2022 ("NOM-037"), that outlines the obligations and requirements for teleworking employees. This standard will take effect 180 calendar days after its publication on June 8, 2023.

NOM-037 focuses on ensuring the health and safety conditions of teleworkers and introduces several obligations for employers. These include establishing a written policy with specific information for teleworkers, conducting annual training, implementing compliance verification procedures, and providing the necessary tools for teleworkers to perform their job duties.

For an employee in Mexico to be considered a teleworker, their work must be performed remotely for more than 40% of their shift. The new standard brings forth various requirements for employers, such as maintaining a list of teleworking employees, establishing a comprehensive Telework Policy, ensuring suitable teleworking locations with reliable connectivity, and providing ergonomic resources.

UNITED STATES

Employer Refund Eligibility for FICA Tax Overpayment Paid

A memorandum was issued by the Chief Counsel's Office of the Internal Revenue Service (IRS), stating that if an employer wants to obtain a refund for an excess payment of Federal Insurance Contributions Act (FICA) tax, it must either reimburse or repay its employee who is on a foreign assignment for the employee's share of the FICA tax.

Another option available to the employer is to obtain the employee's consent and include the consent along with a refund claim following the guidelines outlined in Rev. Proc. 2017-28. The aforementioned requirement is also applicable when an employer utilizes a tax equalization program to modify the employee's compensation. A tax equalization program is a system established between companies and their employees to guarantee that employees working overseas receive a comparable after-tax income to their domestic colleagues.

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Under this program, the employer calculates the theoretical tax obligation the employee would have had in their home country if they were not assigned abroad, and subsequently covers the discrepancy between the actual tax liability in the host country and the hypothetical tax liability in the home country.

The IRS asserted that tax equalization agreements consider the tax payments made on behalf of an employee as part of the employee's total income. Consequently, irrespective of any internal accounting protocols, the taxes paid on behalf of the employee are considered as withheld from the employee. Therefore, the company does not qualify for an exception to the obligation of reimbursing the employee or obtaining the employee's consent prior to claiming a credit or refund for any excess FICA tax payments. This is because the tax liability incurred on behalf of the employee is accounted for as part of the employee's gross income.

Florida´s New Immigration Law and Implications for Private Employers

Florida's newly enacted E-Verify law (Florida Senate Bill 1718), is a significant piece of immigration-related legislation recently enacted in Florida. The new law requires Florida employers with twenty-five (25) or more employees to use the U.S. Department of Homeland Security's E-Verify system to confirm employees' eligibility to work in the U.S., beginning July 1, 2023. However, it does not apply to existing employees and will not require employers to E-Verify past or existing hires.

The E-Verify program is a free web-based employment eligibility verification system that is administered by the U.S. Citizenship and Immigration Services (USCIS). The system electronically matches information provided by employees on the Form I-9 against records available to the Social Security Administration (SSA) and the Department of Homeland Security (DHS).

The key provisions of Florida's E-Verify law include the following:

- **Employment Eligibility Verification:** For all employees hired on or after July 1, 2023, the e-verification process must be completed by the employer via the federal government's E-Verify portal within three (3) business days after the employee commences work. If E-Verify is unavailable for three (3) business days after the employee commences work, the employer must use Form I-9 to verify employment eligibility and must document the unavailability of E-Verify by submitting proof of employer's lack of access.
- **Record Retention:** The employer must retain a copy of the documentation, as well as any official verification generated, for at least three (3) years.
- **Annual Certification:** The employer must certify compliance on its first tax return when making contributions to or reimbursing the state's unemployment compensation or reemployment assistance system.

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- **Notice of Noncompliance:** If the Florida Department of Economic Opportunity (DEO) determines that an employer failed to use the E-Verify system when required to do so, the DEO will notify the employer of the noncompliance. The employer will then have 30 days to fix the noncompliance.
- **Penalties for Noncompliance:** If the DEO determines that an employer failed to use the E-Verify system three (3) times in any 24-month period, it may impose a fine of $1,000 per day until the employer provides satisfactory evidence that it has rectified the noncompliance. The DEO may also suspend an employer's business and professional licenses until the noncompliance is cured. Penalties will go into effect on July 1, 2024.
- **Employment Agencies.** Covered employers who obtain services from staffing agencies should review their agreements and, where appropriate, require the staffing agencies to provide E-Verify confirmation for employees from the agencies who work for the covered employer.

AFRICA

KENYA

Finance Bill 2023 - Individual Taxation

To increase revenue, the government of Kenya is planning to revise the individual tax rates which will also include introducing a new tax rate of 35% on individuals earning over KES 6 million.

Individual income tax rates will be revised as follows:

Amount of income (KES)		Rate (%)
First	288.000,00	10
Next	100.000,00	25
Next	5.612.000,00	30
Over	6.000.000,00	35

The government has also proposed, among others, the following changes relating to individual taxation:

- a wife's income will no longer be recognized to be part of a husband's income;
- introduction of a retirement medical fund relief equal to 15% of the amount of contribution paid or KES 60,000 per annum whichever is lower to be granted to a resident individual who contributes to a post-retirement medical fund in a year of income;

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- travelling allowance provided to an employee when on official duties will be considered as reimbursement and not taxed on the employee if it is based on the standard mileage rate approved by the Automobile Association of Kenya;
- exempting from employment income tax amounts paid to public officers as reimbursements for expenditure while on office duties;
- deferred taxation will not apply to cash emoluments and benefits in kind offered to employees by virtue of employment;
- company shares offered to employees of an eligible start-up business in lieu of cash emoluments will be deferred and taxed within 30 days at the earlier of:
- expiry of 5 years from the end of the year of the award of shares;
- the disposal of shares by an employee.

ASIA-PACIFIC

HONG KONG

Expansion of talent list to selected talent admission schemes

The Hong Kong government announced the expansion of its talent list, increasing the coverage from 13 to 51 professions for the purposes of:

- Attracting a wider range of high-quality talents to Hong Kong and
- Supporting Hong Kong's social and economic development needs.

Newly added professions such as nurses, doctors, mid-wives, dentists, architects, land surveyors and various engineering roles have been included to ease a manpower shortage in the construction industries.

The expanded list applies to applicants under the Quality Migrant Admission Scheme (QMAS), the General Employment Policy (GEP) and the Admission Scheme for Mainland Talents and Professionals (ASMTP). Under the GEP and ASMTP, employers who wish to fill vacancies from the talent list may be exempted from taking a market availability test whilst qualified applicants can receive additional points under the scoring system in QMAS. However, applicants still must meet certain requirements before joining the workforce particularly in the medical and construction industries, including attaining the required university degrees, passing relevant exams and obtaining relevant work experiences.

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SINGAPORE

Launched consultation on proposed Income Tax Bill 2023

The Ministry of Finance has proposed a number of amendments to the Income Tax Act 1947 (ITA) comprising 14 amendments to revise existing policies, improve tax administration and align Singapore income tax laws with international tax developments, along with 19 amendments to give effect to tax measures previously announced in the 2023 Budget Statement. The proposed amendments are set out in the draft Income Tax Bill 2023 and a consultation exercise is currently underway.

The key non-Budget 2023-related amendments are summarized below:

- under the proposed new section 68A of the ITA, certain prescribed classes of persons (intended to cover intermediaries such as commission-paying agencies and taxi or platform operators) must directly submit to the Comptroller of Income Tax the earnings information of self-employed persons (SEPs) with whom they have entered into an agreement or arrangement for carrying out any trade, business, vocation or profession;
- with effect from year of assessment (YA) 2024, the fixed expense deduction ratio (FEDR) will be extended under the proposed new section 14ZH of the ITA to cover SEPs who are delivery workers earning gross annual revenue of up to SGD 50,000. Such SEPs will be allowed to deduct expenses incurred based on a fixed percentage of gross income earned depending on the delivery mode (i.e., by van, by personal mobility devices or motorcycles, or by bicycles or on foot);
- the income of an estate under administration (EUA) may be assessed at the beneficiary level if the income is distributed to the beneficiary withinthe same calendar year of receipt or any longer period allowed by the Comptroller (as the case may be). Additionally, the Amendment Bill will equalize the tax treatment of an EUA and an estate held in trust (EHT) by allowing a Singapore tax resident beneficiary of an EUA to enjoy the same concessionary tax rates, tax exemptions and foreign tax credits as those currently granted to a Singapore tax resident beneficiary of an EHT.

TURKEY

Increased daily minimum wage for second half of 2023

It has been increased the daily minimum wage to TRY 447.15 for the period between 1 July and 31 December 2023, in comparison to the daily minimum wage was TRY 333.60 between 1 January and 30 June 2023. The Minimum Wage Determination Committee Decision was published in Official Gazette of 24 June 2023.

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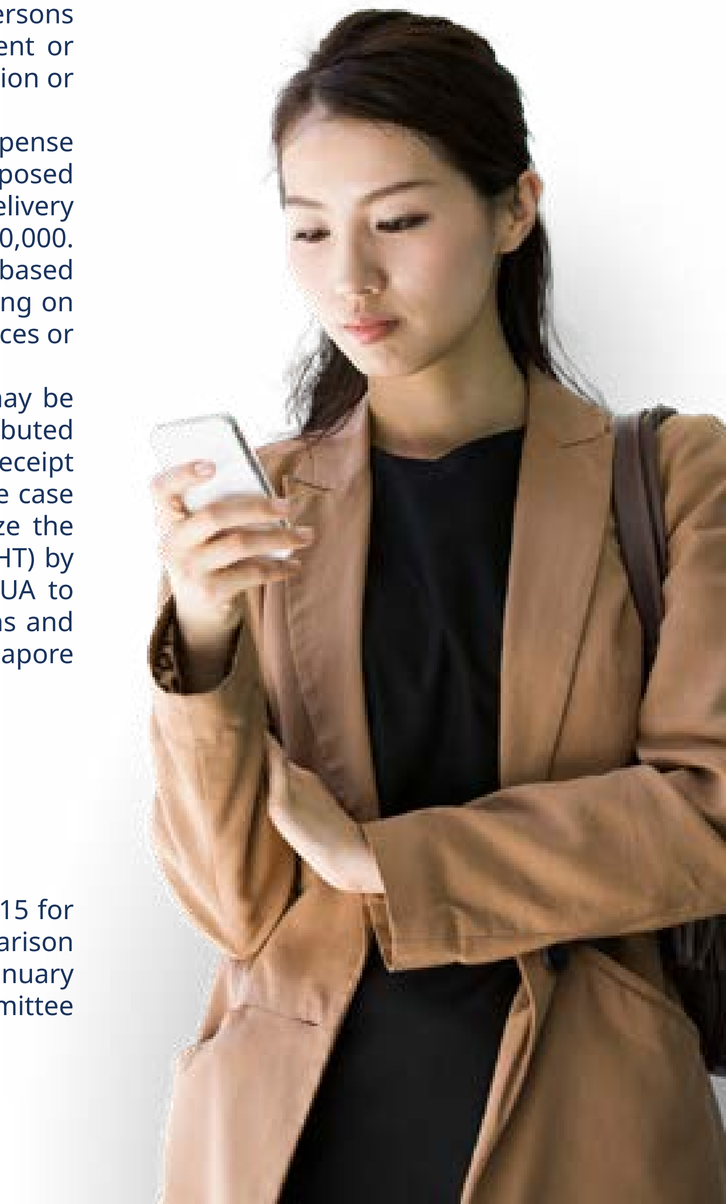

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EUROPE

BELGIUM

New Bill 2023 issued by the Government

On 8 June 2023, the government submitted to the Chamber of Representatives (Kamer van Volksvertegenwoordigers/Chambre de Réprésentants) a bill. The most important details, among others, are summarized below.

Net extra working-hours

Based on a provision due to the COVID-19 pandemic, payments received by employees in vital sectors and the public sector for a maximum of 120 net extra hours were tax exempt. The bill clarifies that this exemption remains applicable until 31 December 2023. A tax exemption for a maximum of 120 voluntary extra hours for other sectors will remain applicable until 31 December 2024.

Work bonus

The amounts of work bonus for low-income earners will increase from EUR 540 to EUR 550 for assessment year 2024 and to EUR 570 for assessment year 2025.

CROATIA

Announced tax amendments, increasing net income of individuals

The government has recently announced a package to amend tax regulations. The proposed amendments to individual taxation received the most attention from the public since changes should result in increased net income for individuals.

The draft amendments are currently available for public comment, with the public consultation remaining open until 16 June 2023. Afterwards, they will enter parliamentary procedure. Most amendments will take effect as from 1 January 2024.

DENMARK

Reduced Personal Income Tax rate

The Danish Parliament has adopted a bill reducing the state income tax rate in the lowest tax bracket from 12.09% to 12.06%.

The bill will take effect on 1 June 2023, but the reduced state income tax rate will apply for the entire 2023 income year. The reduction is expected to compensate all Danish citizens for an overall increase in municipal income taxes.

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FINLAND

New Government publishes tax plans

On 16 June 2023, the new government published its programme entitled “A strong and committed Finland” (the Programme). The tax measures, amon others, mentioned in the Programme are summarized below.

- Keeping the top bracket (so-called solidarity tax on high income earners), but increasing its threshold to EUR 150,000 until the end of the government term.
- Increasing the earned income credit and granting an increase of EUR 50 per child for dependent children.
- Modifying the increased earned income credit for the elderly who continue working, i.e. abolishing the increased earned income credit for persons below 65 years and doubling it to EUR 1,200 for 65 years and older.
- Keeping the increased credit for certain household services also for 2024.
- Increasing the lower limit of the deductible portion of commuting costs gradually to EUR 900 (currently, EUR 750).
- Not increasing taxation of capital income.
- Increasing the maximum amount that can be deposited into a special “share investment account” (osakesäästötili) with preferential tax rules to EUR 100,000 (currently, EUR 50,000).
- Extending the inward expatriate regime for a maximum of 7 years (currently, 5 years).
- Extending the payment period of inheritance tax due to 10 years; and investigating the possibility of replacing the inheritance tax with capital gains taxation.

HUNGARY

Increased tax burden on individual savings

The government has increased the tax burden on individual savings by introducing a 13% social contribution tax on interest paid to individuals in response to the rapidly rising Central Bank base rate as per Government Decree 205/2023, published in the Official Journal on 31 May 2023.

The Decree introduces an additional social contribution tax of 13% on interest paid to individuals. This brings the tax burden of interest closer to other investment incomes, as social contribution tax is also payable on dividends and capital gains.

However, interest income from government bonds and units of a real estate fund remain excluded from the social contribution tax.

The Decree enters into force on 1 July 2023 and applies only transitionally, during the emergency situation due to the war conflict in the territory of Ukraine.

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The new tax burden applies to:

- Interest due for the period after the Decree comes into force, and in the case of fixed-term deposits, to interest on deposits made after 30 June 2023;
- Interest from securities acquired from 1 July 2023 in the case of publicly traded and marketed debt securities and collective investment securities; and
- Interest from insurance contracts concluded from 1 July 2023.

IRELAND

New Legislation Establishes Regulation of Social Care Workers

The Irish government has passed the Regulated Professions (Health and Social Care) Act 2023. This legislation, signed into law on June 6, 2023, amends existing acts to pave the way for the regulation of social care workers. The Act brings about several important changes to the Health and Social Care Professionals Act 2005 and related legislation.

One key aspect of the Act is the introduction of a grandfathering period, during which social care workers can apply for registration. Eligibility for registration during this period is based on an employer's opinion of the worker's proficiency. The Social Care Workers Registration Board is granted increased powers to assess employer opinions and determine the duration of employment relationships.

The Act also recognizes social care work experience gained in Ireland, EU/EEA member states, or the United Kingdom for registration purposes. This ensures that citizens from other member states with equivalent experience are treated equally, facilitating the mobility of social care workers across regions.

Applicants seeking registration through the grandfathering route must have a minimum of two years' experience in social care work, gained within five years of the application date. Other requirements for registration include the payment of fees and meeting the fit and proper person criteria.

ITALY

Tax Authorities clarify Individual Income Tax credits and deductions for 2022

The tax authorities have provided extensive clarifications on the individual income tax credits and deductions available for fiscal year 2022 to promote the correct compilation and submission of the related tax return by individual taxpayers and their authorized tax representatives.

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LUXEMBOURG

Overhauls Meal Voucher System

On 9 June 2023, Luxembourg announced an overhaul of the tax treatment of the meal voucher system through amendments to a Grand-Ducal Regulation. The main details are summarized below.

- Maximum exemption:
  - It will be increased from EUR 8 to EUR 12.20. The employee contribution remains unchanged at EUR 2.80. This means that the total value of a meal voucher will be EUR 15. In addition, the maximum number of meal vouchers that can be used per day under the new scheme will be five. The maximum value that can be redeemed per day will be EUR 75.
- Criteria:
  - The criteria will be amended and the definition of a meal will also include the purchase of food in restaurants or from merchants affiliated with one of the companies issuing meal vouchers.
- Working day:
  - The government will repeal the existing concept of "working day" and will allow employees to use meal vouchers also at the end of the day, on weekends or holidays.
- Digitalization:
  - A digitalized system will replace the manual distribution of meal vouchers. The collection will be accelerated and the procedures for verifying the vouchers will be simplified.

POLAND

Relaxed work authorization rules for remote workers

The Polish government has reportedly begun relaxing work permit requirements for certain individuals working remotely in the country for foreign employers. The policy change has been announced in agency guidance issued by the Ministry of Family and Social Policy, which exercises responsibility over the Polish labor market.

The move is a departure from the government's previous policy requiring nearly all gainfully employed foreign workers located in Polish territory to obtain a work permit – even if their physical location was incidental to their work.

Poland's relaxation of work permit rules for remote workers comes as several other countries – including Spain, Italy, Romania,Iceland, and theUnited Arab Emirates– have introduced remote worker (or "Digital Nomad") visas to attract an increasingly mobile class of global talent.

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According to the Ministry of Family and Social Policy, remote workers are exempt from the normal requirement to obtain a work permit if they meet several specific requirements:

- The foreign national is staying in Poland principally for a purpose different than performing work for the foreign employer;
- The nature of the work performed remotely is such that the work could hypothetically be performed from any country;
- The work performed remotely does not require the worker's physical presence in Poland;
- The work performed remotely is not related to the territory, labor market, or the economy of Poland; and
- The foreign national's stay in Poland is "accidental" from the point of view of the remote work performed in Poland.

Additionally, the Polish government is considering legislative changes that would make it easier for remote workers to live and work in Poland. Although the bill is not expected to be introduced until 2024, under the present draft foreign nationals would be able to undertake remote work in Poland without a work permit, if:

- The work for a foreign employing entity is performed occasionally and incidentally;
- The work is not related to the labor market and the economy of Poland;
- The work is performed by a foreign national who stays in Poland for a purpose other than performing of this work; and

The work is not intended to provide services by a foreign employing entity from or in the territory of Poland and it is not organized directly or indirectly by the foreign employer.

SPAIN

Restricted ability of residents subject to expatriate regime to claim deduction for taxes paid in US

The General Directorate of Taxes issued a ruling that rejects the possibility for a Spanish resident, subject to the Expatriates Regime, to claim a deduction for the tax paid in the United States under the tax treaty and domestic legislation in Spain.

The applicant intended to apply for the special tax regime, applicable to an employee posted in Spain (the Expatriates Regime). The applicant held a permanent resident card in the US.

The tax authorities concluded that the applicant would not be considered as a resident of Spain for the purposes of the Spain - United States Income Tax Treaty (1990) (as amended through 2013) if he/she was subject to taxation under the Expatriates Regime.

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Accordingly, if the United States taxed the applicant, the tax borne by the tax resident in the US would not be eligible for a deduction under the tax treaty and domestic legislation for the avoidance of international double taxation. In this case, it would be up to the US to eliminate the double taxation.

Revised EU Blue Card Directive

The Spanish government passed amendments to Law 14/2013 that implement the revised EU Blue Card Directive (EU 2021/1883). The changes, which took effect on 29 May 2023, also affect Spain's national residence permit for highly qualified professionals.

The principal changes are as follows:

- EU Blue Cards and national residence permits for highly qualified professionals are both now issued with an initial validity of up to three years (previously one year for EU Blue Cards) or, if the duration of the contract is shorter, up to three months after the end of the contract term.
- Renewal may be requested (in the 60 days prior to expiry) for a further two years, if the original requirements are still being met. After this total period of five years, the holder may apply for long-term residence.
- Employers are no longer required to conduct a labour market test. Previously, smaller companies (those with up to 500 employees or annual revenues of up to EUR 200 million) were required to carry out a labour market test before sponsoring applicants for EU Blue Cards.
- Employees applying for EU Blue Cards must be paid a salary of between 1 and 1.6 times the average gross annual salary. In some cases, however, a lower salary threshold may apply (more details are expected). Previously, applicants were required to earn at least 1.5 times the average gross annual salary.
- Applicants for EU Blue Cards must demonstrate educational qualifications at least equivalent to Level 2 of the Spanish Qualifications Framework for Higher Education (i.e., a bachelor's degree on completion of a program of at least four years). Alternatively, they must have at least five years of relevant work experience in their sector or profession (three years for IT professionals).
- Applicants for national residence permits for highly qualified professionals must demonstrate educational qualifications at least equivalent to Level 1 of the Spanish Qualifications Framework for Higher Education. Alternatively, they must have at least three years of relevant work experience in their sector or profession.
- Holders of EU Blue Cards issued in other EU Member States may enter Spain for up to 90 days in any 180-day period for professional purposes (i.e., to conduct business or work) without obtaining a Spanish visa or work authorization document.

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- Spanish EU Blue Card holders who become residents of another EU Member State and obtain a Blue Card in that Member State will have their Spanish EU Blue Cards cancelled (this rule was previously enforced but is now clarified in the law).
- Residence applications of dependent family members will now be processed together with the application of the main applicant.

SWEDEN

Reduction of top marginal tax rate on Labour Income, increased dividend taxation

The Organisation for Economic Co-operation and Development (OECD) has recommended that Sweden reduce its top marginal tax rate on labour income and increase its dividend taxation. This would lead to a reduction of income-shifting incentives and thus reduce the labour tax wedge.

The tax wedge on labour in Sweden is high. The large difference between labour income tax and capital income tax incentivizes income shifting.

In addition, Sweden's rules on mortgage interest deductibility and low regressive recurrent taxes on immovable property create distortions in favour of owner-occupied housing. Thus, Sweden should consider reforming the current property tax to better align tax changes with the property's market value and phasing out mortgage interest deductibility.

Changes in those areas should lead to an increased support of employment and growth while preserving fiscal sustainability.

SWITZERLAND

Social Security and cross-border workers

Due to the restrictions related to COVID, the EU social security subordination rules were flexibly applied until 30 June 2022. The flexible application of the subordination rules was extended until 30 June 2023. Up to this date, cross-border worker will continue to be subject to Swiss social security legislation, irrespective of how many days they work remotely from their country of residence (EU/EFTA). For the period after July 2023, Switzerland and certain EU and EFTA countries have signed a multilateral agreement which provides that persons may perform up to 49.9% remote work from their country of residence whilst the social insurance laws of the employer's state of domicile remains applicable.

The treaty is only applicable to workers to whom the Agreement of Free Movement of Persons with the EU (AFMP) or the EFTA Convention applies. It is not applicable to:

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- Persons who, in addition to remote work, perform other activities (e.g. visiting clients, self-employed secondary employment) in the country of residence;
- Persons who, in addition to remote work in their country of residence, carry out an activity in another EU or EFTA State;
- Persons who, in addition to working for their Swiss employer, also work for an employer in the EU or in an EFTA State;
- Self-employed persons.

Furthermore, the treaty is only applicable to situations involving two states that have signed the agreement. So far, in addition to Switzerland, the following countries have signed the treaty: Germany, Austria, Belgium, Estonia, Finland, Hungary, Ireland, Lithuania, Luxembourg, Malta, Netherlands, Slovakia, Czech Republic, Liechtenstein and Norway.

In order for the agreement to apply, Swiss employers must apply for an A1 certificate from their AHV compensation fund via the ALPS platform (Applicable Legislation Portal Switzerland). ALPS is currently being updated to automate the processes and the issuance of the A1 certificate as much as possible.

For cross-border commuters from countries that have not signed the multilateral treaty, the pre-pandemic agreement automatically applies. This means that there is no change of social insurance responsibility for remote work if it involves less than 25% of the working time in the country of residence.

UNITED KINGDOM

Extended deadline for payment of voluntary National Insurance Contributions

The tax authority of the United Kingdom, known as His Majesty's Revenue and Customs (HMRC), has recently declared that taxpayers have an extended deadline of 5 April 2025 to make voluntary National Insurance contributions at the 2022/23 rate, rather than the current rate.

This announcement follows HMRC's previous notification stating that the original deadline of 5 April 2023 would be prolonged until 31 July 2023. Individuals have the opportunity to enhance their state pension upon reaching retirement age by making voluntary contributions.

Taxpayers have the option to access their National Insurance record via their Personal Tax Account. By doing so, they can acquire a State Pension forecast that will aid in determining whether they should make a voluntary National Insurance contribution and, if so, provide guidance on the payment process.

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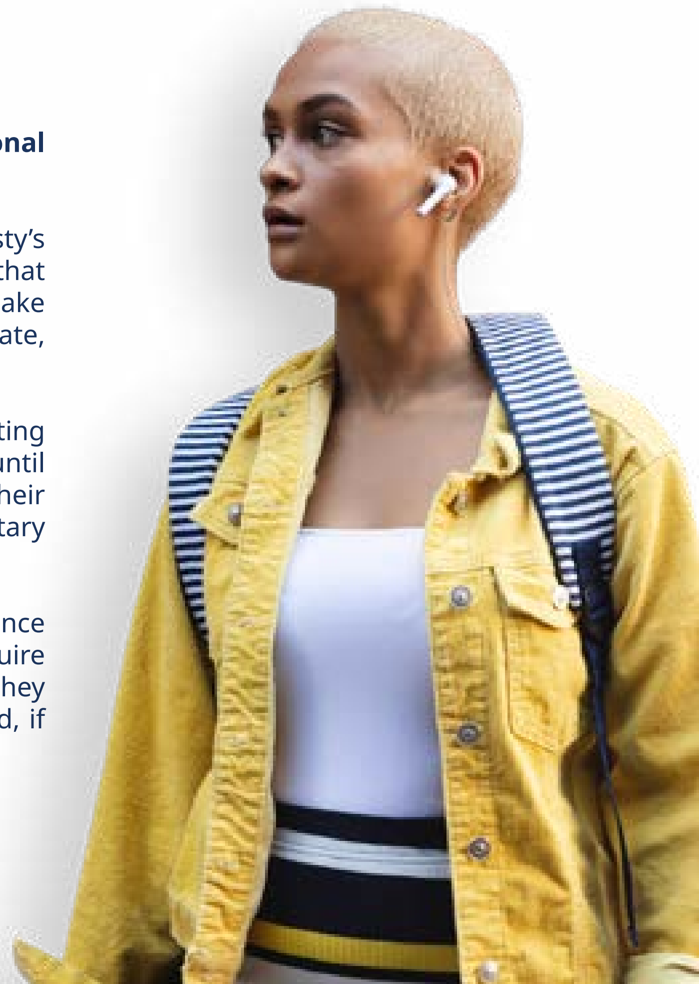

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