

Overseas Working Form

Why approvals are required

Introduction

As our university continues to expand its global reach, more employees are exploring opportunities to work abroad to leverage research facilities, equipment, collaboration etc which are not available in the UK. While this can be an exciting prospect, it is important to understand the complexities and potential risks associated with working from another country. This document outlines some of the key reasons why additional approvals are necessary before any employee is permitted to work overseas. Our aim is to ensure that all employees are informed about the implications and that both the university and its employees are protected from legal, financial, and regulatory challenges.

1. Payroll Complications

One of the first challenges in allowing employees to work abroad is managing payroll across different countries. Each country has its own payroll regulations, which may include different tax rates, currency exchange issues, and local wage laws. These factors can introduce significant complexities:

- **Currency Fluctuations:** Salary withholdings payments might be affected by changes in exchange rates, potentially impacting the employee's income.
- **Local reporting obligations:** There may be additional payroll reporting obligations which the University will need to address.
- **Administrative Costs:** Managing payroll in multiple currencies and according to different national regulations can increase administrative burdens and costs. In some cases, we might be required to register and operate a new shadow payroll in the host country, in order to meet the employee and employer obligations. In some cases, a new shadow payroll may be required may be required from Day 1 of the overseas working arrangement.

Our current payroll systems may not be equipped to handle these complexities without significant disruption. Therefore, additional approvals are needed to assess and manage these potential complications effectively.

2. Taxation Issues

Taxation is another critical factor that must be considered when an employee wishes to work from another country. Each country has its own tax laws, and working abroad could lead to:

- **Double Taxation:** The employee might become subject to income tax in both the host and home countries. Although tax treaties may exist to mitigate this, they often require complex tax filings and legal consultation.
- **Tax Reporting Obligations:** Both the university and the employee could face additional tax reporting requirements, which may involve significant time and resources to manage.

Seeking additional approvals allows the university to evaluate these potential tax implications and to provide guidance on how best to handle them.

3. Social Security Contributions

Social security (national insurance equivalent) obligations can become complicated when an employee works from another country. Different countries have different rules about where social security contributions must be made:

- **Dual Contributions:** The employee may be required to contribute to the social security systems of both the host and home countries, leading to increased financial obligations.
- **Gaps in Coverage:** There is also the risk of gaps in social security coverage if contributions are not properly coordinated, which could impact the employee's state benefits.

Additional approvals ensure that these issues are fully explored and that appropriate arrangements are made to protect the employee's social security entitlements wherever possible.

4. Permanent Establishment (PE) Risks

Allowing an employee to work in another country could inadvertently create a "permanent establishment" (PE) for the university in that location. A PE is a fixed place of business that gives rise to corporate tax liabilities in the host country. This situation could typically arise if:

- **Taxable Presence:** The employee's activities are seen as creating a taxable presence in the host country, which could subject the university to corporate tax and regulatory scrutiny in that jurisdiction. The corporate tax risks could prima facie be based on the £1.3 billion turnover of the University as a whole.
- **Increased Legal and Financial Risks:** The implications of establishing a PE are significant and could expose the university to unforeseen legal and financial risks, including the need to comply with local business regulations and potential double taxation of the university's income.

Additional approvals are necessary to evaluate the risk of PE and to implement measures to mitigate it.

5. Insurance Considerations

When an employee works from another country, insurance coverage becomes a critical concern:

- **Health Insurance:** The employee may not be covered under the university's existing health insurance policies while abroad, necessitating the purchase of additional coverage.
- **Property Insurance:** If the employee is using university equipment while abroad, it is essential to ensure that this property is adequately insured against loss or damage in the host country.

Ensuring appropriate insurance coverage is in place requires careful planning and often the involvement of the university's insurance providers, making additional approvals essential.

6. Security Concerns

Security is another vital consideration when allowing an employee to work overseas. The university must ensure the safety and security of its employees, which includes:

- **Personal Safety:** The host country may have different security risks, including political instability, higher crime rates, or natural disasters. The host country may also have laws or cultures which negatively impact the LGBTQIA+ community or certain religious communities. It is important to assess these risks and provide necessary support to the employee.
- **Data Security:** Working from another country may introduce risks related to data security and privacy. The employee may be accessing sensitive information over unsecured networks, which could expose the university to cyber threats or data breaches.
- **Export Controls:** The PI/teaching academic has personal liability if exporting controlled goods/data outside the UK borders. In order to safeguard ourselves and the work we do, and to mitigate any threats to national security, we must comply with Government legislation and its rules governing export controls.

Additional approvals allow the university to thoroughly assess these security risks and ensure that appropriate measures are taken to protect both the employee and the university.

7. Local Labour Laws

Understanding and complying with the local labour laws of the host country is essential when an employee is working abroad. These laws can significantly differ from UK regulations and may introduce various complexities, such as:

- **Minimum Wage and Working Conditions:** Local regulations may mandate a different minimum wage, working hours, overtime pay, and other employment conditions that differ from those in the UK.
- **Statutory Leave and Benefits:** Employees may be entitled to statutory leave (e.g., maternity/paternity leave, sick leave) and benefits according to the host country's laws, which may be more or less generous than those in the UK.

Ensuring compliance with these local labour laws is critical to avoiding legal disputes and penalties. The additional approvals process allows the university to review the relevant laws in the host country and address them where required.

Conclusion

Working abroad can offer exciting opportunities for personal and professional growth, but it also introduces a range of complexities and risks. To protect both the university and its employees, it is essential to seek additional approvals before any employee is permitted to work overseas. These approvals ensure that all potential challenges—including payroll, taxation, social security, permanent establishment, insurance, security, and legal compliance—are carefully considered and managed.

We encourage employees to reach out to the Global Mobility team for guidance and support in navigating these processes. By working together, we can aim to ensure that international work arrangements are successful, compliant, and beneficial for all parties involved.

If you have any questions or require further assistance, please do not hesitate to contact the Global Mobility team on people.globalmobility@manchester.ac.uk

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