

# Business travellers – What do universities need to consider?

February 2022



## What is the issue?

Business travellers can trigger withholding and reporting obligations for a University from day one subject to what they are doing and where.

With the reopening of borders expected during 2022, business travel is set to return with many universities using this window of opportunity to embed or enhance existing processes for managing the immigration, tax, social security, and payroll risks associated with cross border business travel coupled with a renewed focus on the employee experience.

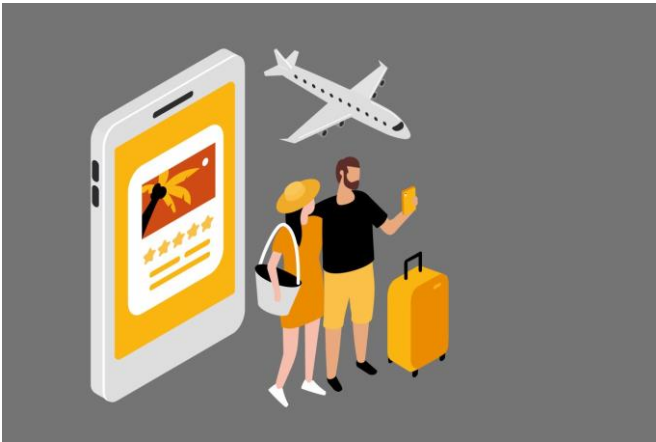
Historically, many universities have not had full visibility of business travellers to the UK or overseas and were often reactive to situations.

Given the UK’s departure from the EU coupled with greater information sharing between departments and authorities globally, the risks associated with non-compliance have increased and are not just financial but operational and reputational too.

## Who are business travellers?

Anyone who spends a day physically working across a border. Common examples include;

- Exchange scholars
- International researchers
- Visiting professors
- International recruitment officers
- Executive teams meeting with potential partners
- Professional staff visiting overseas partners
- Examiners



**Digitalisation and analytics are making the movement of employees much more visible and transparent to tax and immigration authorities around the world, increasing the need for universities to manage their tax and compliance risks...**

<b>Cost leakage – Fines,</b> penalties from non compliance, unexpected tax costs	<b>Immigration – Does</b> the traveller have the right visa/work permission to undertake activities?	<b>Employment taxes –</b> Filing requirements and administration for the traveller and payroll reporting requirements <b>for the employer</b>	<b>Corporate tax issues</b> – Permanent establishment risk, transfer pricing
<b>Reputational damage</b> – Media/public scrutiny for non-compliance, impact on talent attraction and future partnerships	<b>EU Posted Workers –</b> Traveller may need to register if posted to an EU Member State and provide certain documentation	<b>Social security – Need</b> to obtain exemption certificate or meet withholding obligations	<b>Adverse impact on employee experience</b> Duty of care Well being Safety Productivity

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## Are there any exemptions?

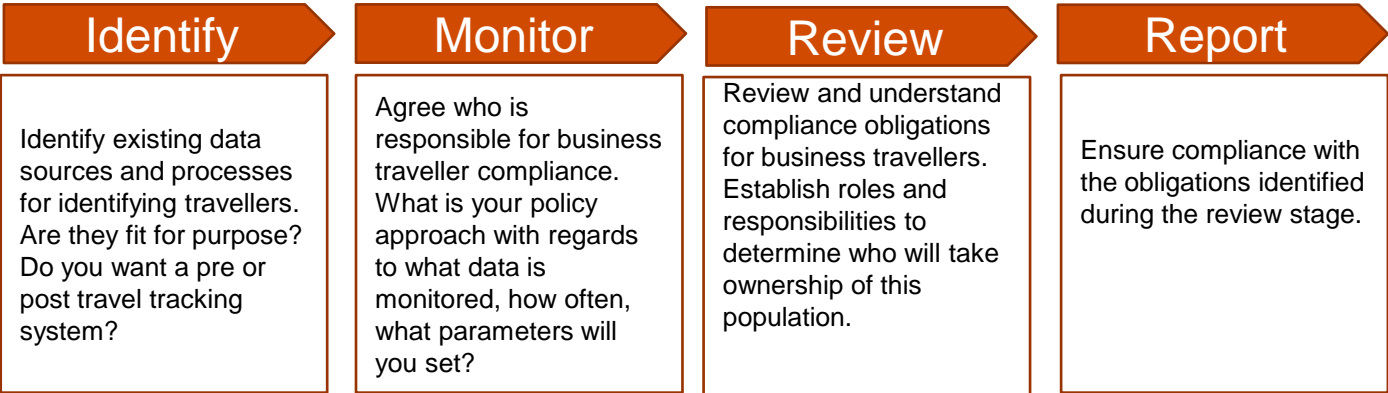
It may be possible that the activities performed are limited to such an extent that there are no reporting or withholding requirements. This is the generally the exception rather than the norm.

Reporting and withholding obligations may however be relaxed in some countries under the employment income article or a teachers article in a double taxation agreement (DTA) but this cannot be assumed, and action may be required in order to claim exemption.

## UK Example:

Universities can apply for a short term business visitors arrangement, known as an Appendix 4 application, in the UK for business travellers to the UK who carry out work “for” a UK university but who are ultimately exempt under the employment income article of a DTA. This relaxes the strict requirement to operate PAYE.

Alternatively, a UK university can apply for a No Tax code if the individual is expected to be exempt under the teachers article for a DTA.



## How are we supporting universities?



## Who to contact to find out more?



Gemma Buxton  
HE Global Mobility Services  
Director  
E: gemma.buxton@pwc.com



Deborah Davidson  
HE Global Mobility Services  
Manager  
E: deborah.l.davidson@pwc.com