

## Short term business visitors travelling to the UK



Many UAE headquartered companies including SWFs, retail banks and oil and gas companies now have substantial operations based outside of their domestic country, either through direct expansion or joint ventures. This has led to an increase in employees travelling globally which can cause a host of compliance risks for employers including immigration, personal and corporate tax, social security and the creation of a permanent establishment overseas.

### What do I need to know?

The UK tax authority, HMRC, has recently increased its audit activity into short term business visitors to the UK from non-treaty partner countries. The UK does not currently have a double tax treaty with the UAE, and so much of this audit focus is on organisations who have employees from the UAE visiting the UK on business.

In one case, a global organisation reached a settlement in excess of £10 million for non-compliance with their short term business visitor tracking and reporting obligations in the UK. We have even seen examples of senior employees of some organisations being refused entry into the UK.

*There can be an assumption that where an organisation is partly owned by a government authority, that some form of sovereign immunity may exist which will effectively remove the risks associated with international workers. Whilst such an exemption may be available in some instances, this would not typically extend to employees working for commercial purposes overseas.*



## Are you compliant?

If UAE employees going to the UK are performing substantive duties in the UK, then the income relating to the workdays spent in the UK is taxable in the UK. A substantive duty is, broadly, a duty that is the same, or has the same importance, as those duties carried out in the UAE.

UK payroll withholding (PAYE) is likely to be due on any UK taxable income. Failure to operate PAYE exposes employers to penalties of up to 100% of the tax not withheld

## Contact

### Stuart Carter

PwC Dubai

T: +971 4 304 3777

[stuart.carter@ae.pwc.com](mailto:stuart.carter@ae.pwc.com)

### Conor Tobin

PwC Dubai

T: +971 4 304 3760

[conor.l.tobin@ae.pwc.com](mailto:conor.l.tobin@ae.pwc.com)

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