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Managing tax on employee travel expenses



A Ius Laboris Survey
covering 20 countries

Introduction

In the wake of the COVID-19 pandemic, a number of employers have agreed to requests from employees to permanently work for their employer from abroad, that is, in a country different to the country in which the employer is based. The success and popularity of remote working over the past couple of years has also encouraged employers to take the opportunity to recruit from the global talent pool.

As a result of these two factors, we have seen a substantial increase in the number of employees permanently working for their employer from abroad. However, most employers will still require the employee to travel to the country in which the employer is based from time to time and will pay or reimburse the costs that the employee incurs on those journeys.

In this survey, Ius Laboris lawyers in 20 countries considered the tax and social security treatment of employer-reimbursed travel costs and associated subsistence and visa costs for the employee (and any immediate family members accompanying the employee) on journeys between the employee's home country and the country in which the employer is based.

The results show that most countries would not seek to tax the travel and subsistence costs of the employee and many countries would also not seek to tax any associated visa or inoculation costs but there are some notable exceptions. All the countries surveyed would seek tax on the travel and associated costs of any immediate family members.

Our survey considers the following scenario:

- » An employer based in Country A hires an employee permanently based in Country B.
- » The employee is tax resident in Country B.
- » The employee is required to make business trips to the employer's premises in Country A from time to time; each visit will not exceed ten working days.

For the 20 countries covered, the survey explains whether the employee would be exempt from income tax and social security contributions if the employer paid or reimbursed the employee for:

1. Travel expenses between Country A and Country B.
2. Subsistence (accommodation and food) expenses attributable to the travel expenses.
3. Associated visa/inoculation expenses.
4. Costs of spouse/partner and/or children accompanying the employee.

 : Exempt

 : It depends

 : Employee liable for tax and social security

Kazakhstan

1 Are travel expenses exempt from tax and social security?

Yes.

An employee's travel costs paid by the employer are exempt from income tax and social security.

2 Are subsistence expenses while travelling exempt from tax and social security?

Yes.

In Kazakhstan, the employer is required to pay the employee's housing costs and expenses for food and other needs (daily subsistence).

An employee's daily subsistence paid by the employer is exempt from income tax and social security if the costs do not exceed EUR 36 per day (approximately).

An employee's housing costs are exempt from income tax and social security without limitation.



3 Are visa and inoculation expenses exempt from tax and social security?

Yes.

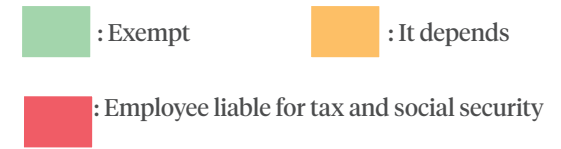
The costs of any visas and inoculations required for that journey will also be exempt from income tax and social security.

4 Are accompanying family members' expenses exempt from tax and social security?

No.



Global Overview



	TRAVEL EXPENSES	SUBSISTENCE EXPENSES	VISA AND INOCULATION EXPENSES	EXPENSES OF FAMILY MEMBERS TRAVELLING WITH THE EMPLOYEE
Argentina	Green	Green	Green	Red
Belgium	Green	Green	Green	Red
Brazil	Green	Green	Green	Red
Chile	Green	Green	Green	Red
Colombia	Orange	Red	Green	Red
Estonia	Green	Orange	Green	Red
Finland	Green	Green	Green	Red
Germany	Green	Green	Green	Red
Greece	Green	Green	Green	Red
Italy	Green	Green	Green	Red
Kazakhstan	Green	Green	Green	Red
Mexico	Green	Green	Green	Red



	TRAVEL EXPENSES	SUBSISTENCE EXPENSES	VISA AND INOCULATION EXPENSES	EXPENSES OF FAMILY MEMBERS TRAVELLING WITH THE EMPLOYEE
Netherlands	Green	Orange	Red	Red
Poland	Green	Orange	Orange	Red
Romania	Orange	Orange	Red	Red
Singapore	Green	Orange	Orange	Red
Slovakia	Green	Green	Green	Red
Sweden	Green	Orange	Green	Red
UK	Green	Green	Orange	Red
Ukraine	Green	Green	Green	Red