



Expatriate Tax Services

With businesses becoming increasingly global, Multinational Corporations (MNCs) are rapidly expanding operations across the world. With this expansion, the movement of expatriate employees has grown dramatically. For an MNC, the exchange of manpower is crucial for their growth plan. Expatriate taxation has received substantial importance due to various factors such as social security contribution, valuation of perquisites, deputation of employees, Permanent Establishment (PE) exposure, etc.

Typical challenges faced by business houses

- Identifying and understanding the applicable Indian tax laws.
- Keeping up with recent developments/amendments and their applicability to their business.
- Undertaking filings with tax authorities in accordance with the requirements of the Income Tax Act, Indian Exchange Control Regulations and other allied laws.

Recent issues

- For inbound expatriates – PE exposure in India for overseas employers.
- Determining the residential status vis-à-vis the tie-breaker rule.
- Taxability in India in the case of dual residency of employees.
- Taxability of social security contributions in the home country.
- Applicability of social security laws of India and their taxability.
- Determining the economic employer and analysing the relationship between the economic employer and the legal employer.

Our Services

At SKP, we offer a wide range of services for inbound as well as outbound expatriates.

We excel at providing practical and result-oriented advice. Our services include:

Key expatriate tax services

- Formulating the deputation policy.
- Structuring expatriates' salaries considering the various exemptions and deductions available under the Income Tax Act and tax-free perquisites.
- Providing advice on tax and other benefits available to deputed employees under the laws of foreign countries.
- Providing advice on corporate tax and employee tax aspects with regard to an expatriates' deputation/relocation to India.
- Obtaining a Permanent Account Number (PAN) in India.
- Providing advice on withholding tax issues and preparing and filing withholding tax returns.
- Preparing and filing personal tax returns wherever applicable.

Advisory

- Evaluating whether the expatriate can constitute a PE and other deputation models in India.
- Employee Stock Ownership Plan (ESOP) related advisory from an income tax and Indian exchange control perspective.
- Assisting in drafting the employment and secondment agreement.

Other compliance

- Assistance in obtaining a registration for Foreigner's Regional Registration Office (FRRO).
- Assistance in Foreign Exchange Management Act (FEMA) compliance.
- Assistance in obtaining a tax clearance certificate at the time of leaving India.



Why SKP?

We believe that successful tax planning is based on commercial vision and creativity. It is also based on capitalising on the deep expertise and practical knowledge that specialisation can bring. We draw on the generalist as well as the specialist expertise of our strategic tax services, transfer pricing, transaction services and service teams on international assignments.

This enables us to tailor the service to best meet our clients' needs. We have a close relationship with our counterparts overseas which enables us to draw on our global tax expertise, if required. Moreover, we have an extensive international database at our disposal, based on which, we keep ourselves abreast of the latest developments.



Our Work

- Assisted and advised various MNCs across industries for their expatriate taxation needs.
- Advised a leading software company with operations in the US, UK and other European countries, on their employees' foreign travel policy by providing advice on its commercials, Indian and overseas tax, immigration, regulatory and legal requirements.
- Assisted Indian software companies in procuring special dispensation for their employees from foreign tax authorities.
- Assisted Indian software companies that were executing projects abroad in their international tax structure and helped them avoid PE exposure abroad.
- Advised various clients on their PE exposure in India on account of deputation/secondment of employees to India.
- Managed the end-to-end payroll including statutory compliances and submissions, providing advise on tax, social security contributions, documentation and employee queries with respect to the payroll of employees sent overseas on short-term or long-term assignments.
- Handled ESOP taxation for employees deputed overseas.
- Filed tax returns of outbound expatriates in foreign countries on deputation from India involving complex residential status issues, refund claims of overpaid

taxes and queries from the revenue authorities of such states.

About SKP

SKP is a long established and rapidly growing professional services group located in six major cities across India. We specialise in providing sound business and tax guidance and accounting services to international companies that are currently conducting or initiating business in India as well as those expanding overseas. We serve over 1,200 clients including multinationals, companies listed on exchanges, privately held and family-owned businesses from more than 45 countries.

From consulting on entry strategies to implementing business set-up and M&A transactional support, the SKP team assists clients with assurance, domestic and international tax, transfer pricing, corporate services, and finance and accounting outsourcing matters, all under one roof. Our team is dedicated to ensuring clients receive continuity of support, right across the business lifecycle.

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