



NEWS INTERNATIONAL

E-MAIL NEWSLETTER
First edition of 2019

Dear Sir or Madam,

In an era of globalisation, issues concerning the taxation of internationally working employees are becoming increasingly important.

In 2018, the BMF (German Federal Ministry of Finance) published a new circular on the "Fiscal treatment of wages under double taxation treaties", immediately applicable to all open cases upon request.

In addition to adjustments to the OECD Model Convention, changed case law and amendments to the law, this latest circular has now also incorporated the 2005 BMF circular on tax exemption for foreign income.

Amendments and clarifications have been made, for example in the following points:

- As previously, a posted employee is not typically integrated into the client enterprise for stays of up to three months; however the actual circumstances of individual cases are always decisive. The idea of a simplification rule is thus largely nullified.
- Signing bonuses are credited in the country of the new employment, spread over the term of the contract.
- The statements on the taxation of severance payments in the former country of employment have been completely revised due to Section 50d (12) of the German Income Tax Act (EStG), applicable since 2017.

- Payments from a time-value account are taxed in the country that held the right to taxation during the contribution period.
- In cases of irrevocable exemption, the country of residence - irrespective of the place of residence - has the right to tax the remuneration paid.

Internationally working employees are also increasingly becoming a focus of attention for social insurance law. Even for such postings as short business trips abroad, employees must apply for the document known as the A1 certificate (exclusively in electronic format from 2019) before the start of a business trip and carry it with them. This should be presented as proof of the employee's social insurance obligation in the event of a control. In particular, supervisory authorities in France and Austria carried out an increased number of checks in 2018, through ad hoc controls at airports, assembly points and on motorways, which have led to severe fines being imposed in cases of infringement.

If you intend to hire workers from other EU countries or to post your own workers abroad, please do not hesitate to contact us.

Best regards

Nicola Wilks



The author

Nicola Wilks

Auditor, Tax Advisor, Managing Partner

Nicola Wilks is an Auditor, Tax Advisor and Managing Partner at KUBAK DORNBACH GmbH & Co. KG and KUBAK DORNBACH Treuhand GmbH in Solingen, Germany.

Among other things, Ms Wilks performs audits and prepares annual financial statements for medium-sized companies, specialising in the automotive and trade sectors. She also advises clients on business issues as well as on questions of national and international taxation law.

After studying Economics at the University of Wuppertal, Germany, and passing the examination to become a tax advisor, Ms Wilks was initially employed as a tax consultant at Kubak & Partner GbR and other firms. She passed the qualifying exam for public accountants in 2005 and then became a Partner at Kubak & Partner GbR and the Managing Partner at H.-D. Kubak GmbH in Solingen. Since July 2015 both companies have been part of the Dornbach Group.

Contact

KUBAK DORNBACH GmbH & Co. KG

Phone +49(0)212 5 46 96 - 17

Fax +49(0)212 5 46 96 - 46

Mail nicola.wilks@kubak-partner.de

Company presentation



DORNBACH is a modern, client-oriented accounting and management consultancy firm with a history stretching back over 60 years.

Our staff of over 400 highly motivated and highly trained employees are at the very heart of our philosophy designed to provide a broad-ranging portfolio of services of unparalleled excellence.



This newsletter is provided by DORNBACH-group.
Detailed information on the group companies can be found here:

IMPRINT



Publisher: **DORNBACH GMBH**, Auditing, Tax consulting,
Anton-Jordan-Straße 1, 56070 Koblenz, Telefon +49 (0) 261 94 31-438, E-Mail: international@dornbach.de

The newsletter is intended to provide general information on selected topics for our clients. Concrete action should not be taken without advice from your DORNBACH consultant.

If you want to cancel your subscription, **please click here.**

Copyright 2019 DORNBACH. Alle rights reserved.

The newsletter is not displayed correctly? **Please click here.**