

# International payroll consulting - your ticket to success

By Gary Johnstone, senior manager of outsourcing at A2+B LLP



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In recent years, Aberdeen, the energy industry's European capital, has had a growing international focus with more and more local companies assigning employees to work overseas. Before venturing into these new locations, most will have looked into the commercial aspects of working there but often the payroll implications are either not considered at all or are left to the last minute. Unexpected costs can then arise, such as double taxation, double PAYE and double National Insurance which can adversely impact on what appeared to be profitable contract at the outset.

## Purely payroll

For many employers payroll is seen merely as a tool for ensuring that employees are paid the correct amounts on time. Whilst this is an

important aspect, payroll processing can also generate opportunities for the wider business in terms of financial and management reporting as well as improving information flow to meet HMRC and foreign body requirements.

Many employees see payroll as the function that ensures they are complying with their tax and NI obligations, and fully expect their payroll department to maintain this when they are posted overseas to work. If the overseas tax rates are higher (than the UK) then they will look to their employer to cover the difference to ensure their net pay remains constant.

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## Painful payroll

Herein lies the major problem; employers are determined to nurture their employees and so will send them abroad to work promising to cover any additional expenses without fully considering what these may be. Payroll departments are not sure what extra liabilities there may be and so continue deducting PAYE and NI in the usual way. Employers have little knowledge (and why should they) that their employees work in a particular country is creating tax liabilities on both the company and the individual. The result? Huge tax liabilities, scary NI contributions and a

headache of compliance and reporting work to be done.

## Perfect payroll

An integrated solution utilising employment tax experts, payroll professionals, industry experience and flexible management information tools is a good place to start in addressing these issues.

Employers can consult with the experts before they send employees abroad, getting a full report of all the tax and NI implications of the assignment, advising and helping them to better negotiate contracts, construct employee secondment letters and plan for the additional costs.

Employees still get paid correctly and on time with they support they expect and the added benefit of innovative online payslips and dedicated tax advice helplines.

Also by structuring pay elements and components effectively, the admin of year end reporting, monthly accounting, the ongoing management and compliance with HMRC and foreign bodies is greatly reduced saving many man hours as well as improving employees understanding of their net pay and payslips. ■

**For a full international payroll consulting service and information on our innovative international assignee tracker tool, our employee hub and flexible reporting capability please contact Gary Johnstone or Steven Fraser.**

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- Looking for an innovative payroll service with online payslips and reporting?
- Need your provider to offer a more flexible service with pro-active advice?
- Interested in a wider service offering including taxation advice?

**Our team will provide the energy to transform your payroll function! Contact Gary Johnstone on 01224 625111**

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