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SURVEY ON ECONOMIC EMPLOYER 2026

LAST UPDATED
ON 23RD
APRIL 2026

ECONOMIC EMPLOYER SURVEY 2026

Taxand's latest Economic Employer survey examines the approach of jurisdictions towards the economic employer concept.

The 2026 Economic Employer survey is the third of its kind, and the country sample continues to increase. This demonstrates the growing importance of the survey within the Taxand network as a tool for the taxation of internationally mobile employees.

Aims and focus

The survey focuses on seconded employees who are working for a group company that is not their legal employer. The aim of the survey is to identify possible wage tax withholding obligations associated with such a structure for the company for which employees perform their activities.

The economic employer concept derives from Art. 15 (2) b of the OECD Model Tax Convention. Under that article, the state to which an employee is seconded has the right to tax the employee's remuneration if the remuneration is – from an

economic perspective – borne by an employer with residency in that state, or the employee is clearly integrated into an employer with residency in that state. This allocation of the right to tax the employee's remuneration in general becomes effective from the first day of the employee's activities.

If a jurisdiction has implemented the concept of economic employers in its national legislation, the company for which employees perform their activities is usually required to withhold wage tax. This applies even if the company is not the employee's legal employer.

Approaches in Europe

Especially in Europe, many countries have become aware that the economic employer concept according to Art. 15 (2) b of the OECD Model Tax Convention could be applied to justify wage tax withholding obligations for the company for which the seconded employee performs his or her activities. This is particularly relevant if the employee is subject to limited income tax liability and is therefore not obliged to file an income tax return.

The transposing of Art. 15 (2) b of the OECD Model Tax Convention into national law is justified by the fact that the state of residence of the company for which the employee performs his or her activities is in principle entitled to tax the employee's remuneration from the first day of the employee's activities. The Economic Employer concept uses criteria to define the worker's true 'employer' during the secondment and consequently establishes who is liable for complying with withholding tax obligations. Therefore, the Economic Employer concept allows tax authorities to establish withholding obligations at source.

This is interesting, given that neither the OECD nor the EU has made it compulsory to implement the Economic Employer concept in national legislation.

Practical application

The Economic Employer Survey provides an initial overview of whether the company for which the seconded employee is working faces the risk of having to fulfil tax withholding obligations. Its findings should therefore make employers

aware of which cases require a more detailed tax analysis. We hope you find our guide a useful asset in identifying such cases and we and our colleagues remain at your disposal to assist.

Introduction by Pernilla van der Capellen, Skeppsbron Skatt AB and Christian Hick, Flick Gocke Schaumburg

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❖ **Does Austria apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes, under certain conditions.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

It is applied based on an internal administrative regulation. The decree was issued by the Federal Ministry of Finance. The purpose of the decree is to specify the organization and actions of the Federal Ministry of Finance's subordinate authorities in more detail.

❖ **When did your Country adopt the economic employer concept?**

In 2013 the Administrative court made a decision in favor of the economic employer concept. In 2014 the Federal Ministry of Finance has issued the decree.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

No, if the requirements of an economic employer are fulfilled, the employee becomes taxable in Austria from day one.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

No, as long as the foreign formal employer has no Austrian permanent establishment. In this case the domestic employer must withhold tax at source (on behalf of the formal employer). To reduce/avoid withholding tax at source, the formal employer can establish a voluntary payroll and pay wage taxes (further requirements need to be fulfilled to obtain relief from WHT).

There exists one exemption: If the employee (white-collar worker*) is hired out to a company that is a member of a company group, the economic employer can set up the voluntary payroll and fulfill the reporting obligations in Austria on behalf of the formal employer.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Yes, if the employee (white-collar worker*) is hired out to a company that is a member of a company group. Otherwise, the formal employer has to fulfill the reporting obligations in case of a payroll in Austria.

*A white-collar worker is a person who performs professional, desk, managerial, or administrative work.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

In Austria two options are provided for securing the entitlement to tax (in case an employee is hired out and there exists an economic employer in Austria):

Tax at source will be withheld by the domestic employer (on behalf of the formal employer).

This is a very complicated process with the chance to avoid tax at source (partly) retrospectively with filing a refund application or with the set up of a payroll in Austria. In this regard, a few reporting obligations should be met.

In general, we would recommend to set-up a payroll in Austria to avoid tax at source and to meet the reporting and tax obligations. However, this generally requires an exemption notice from the Austrian tax authorities in advance.



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❖ Does Belgium apply the economic employer concept for the establishment of wage tax withholding obligations?

The concept of “economic employer” does not exist as such under Belgian tax law. However, in a cross-border situation (i.e., where a non-Belgian tax resident individual works in Belgium as an employee for the benefit and under the supervision of a Belgian tax resident company (the “**Belgian Company**”), Belgian wage withholding tax may be due - in certain cases – by the Belgian Company on the remuneration resulting from the professional activity performed for the benefit of the Belgian Company, for instance:

- (i) where the Belgian Company pays directly the remuneration to the non-resident employee or acts as an intermediary in the payment of such remuneration;
- (ii) where the remuneration of the non-resident employee is paid by a foreign company which is an affiliate (e.g., parent company) of the Belgian Company (the “**Foreign Affiliate**”) and is then re-invoiced to the Belgian Company as remuneration for the services performed by the employee; or
- (iii) where the remuneration of the non-resident employee is paid by the Foreign Affiliate, even if the cost represented by this remuneration is not re-invoiced to the Belgian Company.

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

The rule under (i) above is provided for in Article 270, para. 1, 1°, of the Belgian Income Tax Code 1992 (“**BITC**”) **juncto** Article 228, § 2, 6°, BITC.

The rules under (ii) and (iii) above are provided for in Article 270, para. 2, of the BITC and were inserted by a law of 11 February 2019. This provision is applicable for remunerations paid as from 1 March 2019.

❖ When did your Country adopt the economic employer concept?

See above.

❖ Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

No. In terms of the threshold of days, Belgium only applies the threshold provided for in Article 15(2)(a) of the OECD model convention. As a rule, if a non-Belgian tax resident works in Belgium as an employee, his/her remuneration would be taxable in Belgium (and Belgian wage withholding tax could therefore be due) unless all the following criteria are cumulatively met:

- (i) the non-Belgian tax resident employee is present in Belgium for a period (or periods) not exceeding in the aggregate 183 days within any period of 12 months (or within the same calendar year, as the case may be); and
- (ii) the remuneration is paid by, or on behalf of, an employer who is not a resident of Belgium; and

- (iii) the remuneration is not borne by a permanent establishment or a fixed base which the formal employer has in Belgium.

Therefore, if the non-Belgian tax resident employee is present in Belgium for a period (or periods) exceeding in the aggregate 183 days within any period of 12 months (or within the same calendar year, as the case may be), his/her remuneration should be taxable in Belgium even if the other two criteria are not met.

❖ If so, how many days and for which period?

See above. A period or periods of 183 days within any period of 12 months (see e.g. Article 15 of the UK-Belgium double tax treaty) or within the calendar year (see e.g. Article 11 of the France-Belgium double tax treaty).

❖ Is the formal employer obliged to register and pay wage taxes?

This depends on the analysis developed above. If the Belgian Company is not required to register and pay Belgian wage withholding tax, no Belgian wage withholding tax should be due in Belgium, except in the case where the remuneration constitutes a tax deductible expense/cost in Belgium for the foreign formal employer (i.e., if the foreign formal employer has a Belgian establishment for which the remuneration could be a tax deductible cost, in which case the latter would be obliged to register and pay Belgian wage withholding tax).

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

To our knowledge this is not provided by the BITC and we are not aware that this would be allowed and performed in practice.

❖ Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

Not Applicable.



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- ❖ **Does Croatia apply the economic employer concept for the establishment of wage tax withholding obligations?**
No.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Not Applicable.
- ❖ **When did your Country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not Applicable.

- ❖ **If so, how many days and for which period?**
Not Applicable.
- ❖ **Is the formal employer obliged to register and pay wage taxes?**
Yes.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
No.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Not Applicable.



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❖ **Does Cyprus apply the economic employer concept for the establishment of wage tax withholding obligations?**

No.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes. There is an obligation for the employer for PIT withholding on salaries under the pay-as-you-earn (PAYE) system.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

No.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Cyprus does not apply the economic employer concept.



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❖ **Does the Czech Republic apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

National law.

❖ **When did your country adopt the economic employer concept?**

1993.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

No.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

No.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Yes, the economic employer must register and report and make the payment of wage tax.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Economic employer = when employees of foreign entity are assigned to work for a Czech entity under its control and instructions and their salary costs are charged to the Czech Republic. This is one of the assignment structures under which the employees of foreign entity work in the Czech entity.



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❖ Does Denmark apply the economic employer concept for the establishment of wage tax withholding obligations?

Yes. In Denmark we refer to it as hired-out-labour. Hired-out-labour entails that an employee formally employed by a foreign entity without a permanent establishment in Denmark may – if certain conditions are met – be deemed hired-in by a Danish enterprise with the consequence that the Danish enterprise must withhold wage taxes in the fee paid by the Danish enterprise to the foreign entity in which the employee is employed. The tax corresponds to 30 pct. (and 8 pct. labour market contributions) of the amount deemed the gross salary of the foreign employee.

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

National law. The Danish Withholding of Tax Act section 2(1)(3), cf. section 48 B.

❖ When did your country adopt the economic employer concept?

1982.

❖ Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

No. A case-by-case assessment is required.

❖ If so, how many days and for which period?

Not Applicable.

❖ Is the formal employer obliged to register and pay wage taxes?

No.

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

Not Applicable. The formal employer has no registration and reporting obligation for wage taxes. The Danish enterprise is statutorily obliged to register, report and withhold the wage tax.

❖ Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

Under the hiring-out of labour scheme, the individual is exempt from the obligation to file a tax return (provided that the individual has no other income in Denmark) as the Danish enterprise has the withholding and reporting obligation.

The Danish enterprise is responsible for the payment of the tax to the Danish tax authorities. When paying the invoice to the foreign entity for the hired-out labour, the Danish enterprise must withhold the tax.



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❖ **Does Finland apply the economic employer concept for the establishment of wage tax withholding obligations?**

No.

The previous Finnish government had issued a draft proposal in 2022 proposing adoption of the economic employer concept in Finland, but this proposal was discontinued and dismissed due to political and stakeholders' resistance. Currently, there are no signs that Finland would be proceeding with adoption of economic employer concept during the current government's term.

Finland has, however, specific tax rules regarding labor-hire situations which can establish tax obligations for employees and additional reporting obligations for employers under certain conditions.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable. Please see above.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Not Applicable.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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❖ **Does France apply the economic employer concept for the establishment of wage tax withholding obligations?**

No.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Not Applicable.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Under French domestic tax law, any person, whether a French tax resident or not, who works in France is subject to withholding tax on his or her salary from the first day of employment. There is no 183-day rule allowing, below this threshold, an exemption from French income tax on salaries for non-resident individuals working in France.

At the tax-treaty level, this concept is already partly expressed through the “183-day rule” of article 15 of the OECD model tax treaty (and reinforced since the OECD revised in 2010 its guidance relating to Article 15 introducing the concept of economic employer). However, the French tax authorities primarily focused on the interpretation of the employment contract and the notion of relationship of subordination.

To be noted, although the employment contract may be used as a criterion by the tax authorities, French administrative Courts sometimes go beyond the formal contractual link when interpreting specific domestic provisions.

However, apart from few isolated decisions taken based on the “substance over form” approach (in particular when the legal employer recharges the salary of the non-French tax resident employee to the French company receiving the services), there is no trend, to our knowledge, at the level of the French tax authorities and judges, towards a common use of this approach.



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❖ Does Germany apply the economic employer concept for the establishment of wage tax withholding obligations?

Germany applies the economic employer concept. A company qualifying as an economic employer is obliged to meet monthly wage tax withholding obligations.

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

The economic employer concept is implemented in the German Income Tax Act (Sec. 38 (1) s. 2). A circular of the German tax authorities contains details concerning the application requirements and the practical application of the provision.

❖ When did your country adopt the economic employer concept?

The economic employer concept was implemented in German national tax law as early as in 2004. The German interpretation of the provision has strong references to the economic employer concept according to Art. 15 (2) of the OECD Model Convention.

❖ Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

The legal provision does not contain a harmlessness limit with respect to the working days in Germany. The consequence is that a case-by-case assessment is required with respect to the overall circumstances of the individual case. From day one of the employee's activities, the economic employer could be obliged to withhold wage tax.

❖ If so, how many days and for which period?

Not Applicable.

❖ Is the formal employer obliged to register and pay wage taxes?

The German economic employer, and not the foreign legal employer, is obliged to register, deduct and pay wage tax.

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

The German economic employer is obliged to register and to withhold wage tax.

❖ Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

From a German perspective, the economic employer concept is important for employees who perform their activities in Germany for another group company. The impact of the economic employer concept is significant at the level of the employer as well as at the level of the employee. If the German company meets the requirements of an economic employer, the company is obliged to implement a shadow payroll. Allocating the remuneration to the employee's German working days usually results in additional compliance costs.



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❖ Does Greece apply the economic employer concept for the establishment of wage tax withholding obligations?

No. The Greek tax legislation has not introduced the economic employer concept. Such concept may only be applied within the context of Double Tax Treaties (DTTs). More specifically, in cases where employment is exercised in Greece by foreign tax resident employees it needs to be assessed whether the conditions set under the applicable DTTs are satisfied in order for Greece to claim taxing rights over the foreign employees. In principle, Greek tax legislation provides for taxation of Greek tax residents for their worldwide income and of foreign tax residents for their income arising in Greece. For the purposes of Greek income taxation, income derived from employment exercised in Greece is considered as income arising in Greece and it is, thus, taxed in Greece.

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

As previously mentioned, the concept of economic employer has not been introduced into Greek tax legislation, but it may apply in the context of the DTTs.

❖ When did your Country adopt the economic employer concept?

Not Applicable.

❖ Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

There is no threshold of days for the application of the economic employer concept. However, Greece may claim taxing rights over salary income of foreign employees performing their duties in Greece for a foreign employer in case their presence in Greece exceeds the 183-day threshold pursuant to the majority of the applicable DTTs.

❖ If so, how many days and for which period?

Not Applicable.

❖ Is the formal employer obliged to register and pay wage taxes?

Yes, any legal entity (Greek or foreign) which formally occupies employees in Greece is obliged to register with the Greek tax authorities and withhold tax on the salary paid for work performed in Greece.

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

Not Applicable.

❖ Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

Since the economic employer concept does not apply in Greece there is no impact in connection with such concept. Nevertheless, foreign companies wishing to employ individuals in Greece, should bear in mind any tax compliance obligations in Greece (e.g. withholding tax or social security obligations).



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❖ Does Hungary apply the economic employer concept for the establishment of wage tax withholding obligations?

No. Hungary applies the economic employer concept only within the context of Double Tax Treaties to determine which state has the rights to tax the income from the employment relationship. If there is no employment relationship between the expatriate and the Hungarian receiving company, then the Hungarian company is not automatically considered an employer according to the Hungarian income tax laws even if economic employment is established.

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

Administrative instructions (applying the economic employer concept within the context of Double Tax Treaties). The concept is implemented based on the commentary to the OECD Model Convention published on 22.07.2010. The Hungarian Tax Authority also published an official guideline on the topic.

❖ When did your Country adopt the economic employer concept?

The guidelines of the Hungarian Tax Authority were published on 31 October 2012 and we consider this date as the date of adoption.

❖ Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

There is no exemption limit. A case-by-case assessment is required to determine the economic employer.

Inter alia the following criteria have to be examined:

- (i) Integration of the employee into the business activities and hierarchy of the Hungarian employer.
- (ii) Which company bears the costs of employment?
- (iii) Are the employee's activities carried out in the interest of the Hungarian company?

❖ If so, how many days and for which period?

Not Applicable.

❖ Is the formal employer obliged to register and pay wage taxes?

No.

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

No. If the salary is paid by a non-resident formal employer, then the employee is responsible for paying the wage tax (the formal employer can decide to take over the payment transfer).

❖ Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

If the posted worker's income is taxable in Hungary, the Hungarian economic employer must register the posted worker with the tax authority (under the form T104). Furthermore, payroll calculations are necessary to determine the taxes payable after the workdays taxable in Hungary, this could mean additional administration.



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❖ **Does Ireland apply the economic employer concept for the establishment of wage tax withholding obligations?**

Ireland looks only at the legal employer-employee relationship in place when considering the eligibility of the employee for double taxation relief. This approach is in line with legislation and a long line of decided cases. In addition, Section 4.3.2 of Tax and Duty Manual Part 42-04-65 confirms that Irish Revenue will consider the legal nature of the term employer (rather than the economic employer approach) when determining whether a genuine foreign employment exists.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Yes.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable based on current practice.



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❖ **Does Italy apply the economic employer concept for the establishment of wage tax withholding obligations?**

No, Italian tax law does not provide for the application of the economic employer concept nor the Italian tax authorities have issued administrative guidelines explicitly applying such principle. However, cases where the formal employer recharges the salary of the non-Italian tax resident employee to the Italian entity receiving the services should be carefully analysed, taking into account the guidelines provided in the OECD Commentary.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Italian legal entities which formally occupy employees are obliged to withhold tax (i) on the salaries paid to Italian resident employees and (ii) for non-Italian resident employees, on the salaries related to the activities carried out in Italy.

On the other hand, in case the formal employer is a foreign entity, in the absence of a PE, the taxes should be paid directly by the employee.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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❖ **Does Luxembourg apply the economic employer concept for the establishment of wage tax withholding obligations?**

No. The Luxembourg tax legislation has not introduced the economic employer concept. Such concept may only be applied within the context of Double Tax Treaties (DTTs). More specifically, in cases where employment is exercised in Luxembourg by foreign tax resident employees it needs to be assessed whether the conditions set under the applicable DTTs are satisfied for Luxembourg to claim taxing rights over the foreign employees.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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❖ **Does Malta apply the economic employer concept for the establishment of wage tax withholding obligations?**

No. We do not have the concept in Malta.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes. In Malta the formal employer must register for and fulfil all wage tax withholding and payment obligations under the Final Settlement System (FSS), which is effectively Malta's PAYE regime.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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- ❖ **Does the Netherlands apply the economic employer concept for the establishment of wage tax withholding obligations?**
Yes, including for individual income tax purposes.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Administrative instructions and case law.
- ❖ **When did your Country adopt the economic employer concept?**
1 December 2006.
- ❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Yes.
- ❖ **If so, how many days and for which period?**
Max. 60 days within a 12 month period and only 1) for specific job positions and 2) when working within the same group.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
Yes, if the economic and formal employer are part of the same group. Formal approval from the Dutch tax authorities is required.

- ❖ **Is the formal employer obliged to register and pay wage taxes?**
Yes, the formal employer has to register and pay wage taxes if the formal employer has a (fictitious) permanent establishment or a permanent representative in the Netherlands. If part of the same group, this obligation can be shifted to the economic employer (if approved by the Dutch tax authorities).
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Per 1 January 2024, there is a new decree stating that for tax treaties concluded before 22 July 2010, individual charging of wage costs and the authority relationship must be considered for the economic employer concept. For tax treaties concluded after 22 July 2010, the facts and circumstances (holistic approach in line with OECD commentary) must be considered for the economic employer concept, one specific element - such as individual charging of wage costs - is not decisive as such.



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❖ **Does Norway apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes. Norway applies similar concept related to “hire of labor” with a broad definition, establishing tax obligations for employees made available to the economic employer in Norway from day 1.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

National law, combined with administrative instructions and interpretation of tax treaties.

❖ **When did your Country adopt the economic employer concept?**

Applied for decades.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

No.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

A solution has been implemented where the parties can agree on who should have the reporting and withholding tax obligation, and where the economic employer based on this can be exempted from such obligations for a limited period upon application and approval from the Norwegian tax authorities. The solution still requires that the economic employer is registered in Norway.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Fairly extensive obligations for employers with employees on assignment in Norway, in terms of registration, reporting, social security contributions, and withholding tax obligations etc. Registration and reporting obligations for employers apply from day one, regardless of the employee’s tax liability. A Pay As You Earn (PAYE) scheme is available, to simplify wage tax payment and reporting obligations.



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❖ **Does Poland apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes. In practice, the economic employer concept relates mainly to the verification which entity incurs the cost of employee's remuneration. This is a prevailing factor, though we keep in mind also the remaining criteria as per the OECD guidelines (e.g. whether the work is supervised by Polish entity, which entity bears the risk of employee's activity etc.). This is not included directly in the Polish law, but rather a practice followed by the companies sending individuals to Poland, rarely by the tax authorities.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Via practice and based on administrative instructions.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

No.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

No for income tax; the employee is obliged to pay wage taxes on his / her own as long as he / she receives the employment income directly from the formal employer (home country company). Yes - for the social security, if the employee is subject to the Polish social security system, e.g. does not obtain certificate of coverage in home country.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

No (i.e. the employee is obliged to pay wage taxes on his foreign income on his / her own), unless the foreign employer registers its office in Poland and transfers the given employee to this office.

On the other hand, in some particular cases where the local employment contract with the economic employer (hosting entity) and a separate arrangements have also been concluded, it may be possible to streamline the full compensation & benefits package (technically provided by both companies) within the "umbrella" delivery – to be formally reported and reconciled for wage tax withholding purposes solely by the Polish company (economic employer).

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

If the Polish company is regarded an economic employer, the employee is subject to taxation in Poland as of his the first working day in our country (i.e. not after exceeding the period of 183 days). It means the employee (the taxpayer) is obliged to pay monthly tax advances as of the beginning of his / her work in Poland, along with annual tax return filing. This may be seen as burdensome, hence frequently the companies engage tax advisors to support the employees with Polish tax compliance.



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- ❖ **Does Portugal apply the economic employer concept for the establishment of wage tax withholding obligations?**
Not for withholding tax purposes. The economic employer concept is just included in the Personal Income Tax Code to extend and clarify the scope of “employment income”.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Not Applicable.
- ❖ **When did your Country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not Applicable.

- ❖ **If so, how many days and for which period?**
Not Applicable.
- ❖ **Is the formal employer obliged to register and pay wage taxes?**
Not Applicable.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
Not Applicable.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Not Applicable.



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- ❖ **Does Romania apply the economic employer concept for the establishment of wage tax withholding obligations?**
No. No clear provisions are enclosed in the Romanian legislation in this respect.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
No clear guidance is available as per the Romanian legislation/ national practice – only the OECD guidelines are used for assessing the applicability of the economic employer concept in Romania; nevertheless, in practice we have not seen the applicability of such concept often scrutinized by the tax authorities.
- ❖ **When did your Country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not regulated, as the economic employer concept is not specifically included in the Romanian legislation.

- ❖ **If so, how many days and for which period?**
Not Applicable.
- ❖ **Is the formal employer obliged to register and pay wage taxes?**
Yes – the standard procedure is for the formal employer to register and pay social security contributions, or to pass such obligation to the employee (in case of non-resident employers and employees for which social security contributions are due in Romania based on the EU social security legislation or the social security agreements to which Romania is a party), but the personal income tax is due by the employee directly.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
No standard procedure available in Romania in this respect.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Not Applicable, considering the above answers.



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❖ **Does Serbia apply the economic employer concept for the establishment of wage tax withholding obligations?**

No.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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❖ **Does Slovakia apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

National law. This issue is regulated in section 5(4) of the Slovak Income Tax Act.

❖ **When did your Country adopt the economic employer concept?**

The economic employer concept has been present in the Slovak tax law at least since the new, completely revised Income Tax Act has been adopted in 2004. The relevant provision was amended in 2016 to regulate the PE issue (see below).

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

No, the concept of the economic employer is to be applied from the first day of work of the foreign employee for the Slovak economic employer in Slovakia.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes and No. The economic (Slovak) employer is obliged to register the employee and pay the corresponding wage taxes in Slovakia unless the foreign legal employer has a permanent establishment in Slovakia. If the foreign legal employer has a PE in Slovakia, this PE (and not the Slovak economic employer) takes over the obligations of the legal employer in Slovakia - registration, wage taxes, thereto related reporting obligations (applicable since 2016).

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

No, the economic employer registers and reports wage taxes for the employee on its own behalf.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Basically, the economic employer concept does not put any obligations on the individual (employee). It is the Slovak economic employer that takes over the duties of the legal employer vis-à-vis Slovak authorities. We perceive the concept of economic employer to be practical and fair. For a Slovak-resident entity, it is not so complicated to take over these obligations as it would be for a foreign non-resident entity which has no knowledge of Slovak tax law and, of course, does not have any employees who speak Slovak.

As for problems in practice, companies (economic employers) often find it difficult to meet various deadlines as they often do not have all the necessary information on the employee and the amount of his/her salary on time, communication with legal employer is necessary.



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❖ Does Slovenia apply the economic employer concept for the establishment of wage tax withholding obligations?

The Slovenian tax legislation and practice do not foresee the application of the economic employer concept in this respect. Therefore, it's currently applied in the context of income source determination and DTT application but not for wage tax withholding. Additionally, in certain cases domestic formal employers are bound by wage tax obligations even though they do not formally pay or economically bear the costs of certain payments to their employees (e.g. for payments from foreign associated entities received by employees in connection with employment).

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

Based on the wording of the Tax Procedure Act it would be possible to implement this concept in practice. However, currently it's not being practiced (nor technically possible).

❖ When did your Country adopt the economic employer concept?

Not Applicable.

❖ Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

Not Applicable.

❖ If so, how many days and for which period?

Not Applicable.

❖ Is the formal employer obliged to register and pay wage taxes?

No. Unless the formal employer has a PE in Slovenia the employee is personally obliged to report and pay wage taxes.

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

Currently, no. The employee is personally obliged to report wage taxes (except in cases where the formal employer has a PE in Slovenia and is therefore obliged to also withhold wage taxes for the employees in Slovenia).

❖ Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

Since the Slovenian economic employers are not obliged (or even able) to levy withholding wage taxes, the employees are personally obliged to take care of all the necessary compliance. It's therefore quite common that the foreign formal employers hire Slovenian tax experts to support their employees and handle the compliance on their behalf.



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❖ **Does Spain apply the economic employer concept for the establishment of wage tax withholding obligations?**

There are no provisions in the legislation in respect of the concept of “economic employer”. In general terms, for withholding tax purposes, the Personal Income Tax (“PIT”) Law establishes that entities that satisfy or pay income subject to PIT will be obliged to practice tax withholdings. In case of related entities within the same group, for PIT withholding tax purposes, the legislation states, in general terms, that when an entity, resident or non-resident, satisfies or pays income from work to taxpayers who provide their services to a resident entity related to it or to a permanent establishment in Spanish territory, the entity or permanent establishment in which the PIT taxpayer provides his services, must apply the tax withholding or tax payment on account.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

There is not a definition of the concept of “economic employer” in our tax legislation.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Not Applicable.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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❖ **Does Sweden apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

National law. In the Special income tax act for non-residents.

❖ **When did your country adopt the economic employer concept?**

The new rule came into force as of 1 January 2021.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Yes.

❖ **If so, how many days and for which period?**

15 consecutive workdays and 45 workdays during a calendar year. Only actual workdays are counted. Workdays in the employee's home country discontinue the consecutive workdays in Sweden.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

No.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

If there is an economic employer in Sweden the formal employer is obliged to

- (i) register for employer reporting purposes in Sweden,
- (ii) file monthly payroll returns,
- (iii) pay/report withholding tax (30 %) for employees performing services in Sweden, and
- (iv) pay/report social security contributions (as a general rule). The administrative burden for the foreign employer will increase in relation to Sweden applying the economic employer concept.
- (v) file specific information with the Tax Agency the year after the income year, in order for the tax Agency to assess whether a permanent establishment is at hand.



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❖ **Does Switzerland apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Via practice and administrative instructions.

❖ **When did your country adopt the economic employer concept?**

It became applicable gradually and with regional differences over time. A first and major publication took place in 2003 and as from then at least in Zurich the concept applies. The concept was adopted at the Federal level in a Circular Letter from the Swiss Federal Tax Authorities that came into force as from 2021.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Yes.

❖ **If so, how many days and for which period?**

There is a safe harbour rule that says that the economic employer consideration does not apply in case an intra-group assignment is limited to an absolute term of 90 days (irrespective of the actual workdays spent in Switzerland).

❖ **Is the formal employer obliged to register and pay wage taxes?**

No.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Yes.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

The economic employer concept clearly brings more administrative burden and work to business acting in an international environment. There was never a discussion at the political level whether such practice which undermines the effectiveness of double tax treaties is really in the best interest of the economy.



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❖ Does the UK apply the economic employer concept for the establishment of wage tax withholding obligations?

Strictly speaking, the obligation to withhold tax only arises where a foreign employer with no UK place of business sends an employee to work **for** a UK entity in the UK (under the 'host employer' rules). In these circumstances, HMRC can agree to disapply these withholding obligations if the employee is economically employed by a foreign employer and there is provision for 'short term business visitor' ('STBV') relief under an applicable double tax treaty.

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

Combination of all three.

❖ When did your Country adopt the economic employer concept?

This concept has been adopted in the UK in respect of employees commencing work after 1 July 1995.

❖ Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

Strictly no, as the requirement to withhold tax is a day 1 obligation. However as stated above, provided certain conditions have been met, HMRC can agree to relax this obligation. However, it should be noted that it can take some time to obtain HMRC's agreement (STBVA or 'Appendix 4 Agreement') and there are ongoing reporting rules that must be complied with for this relaxation to apply. Even where the cost of employing the individual is re-charged to the UK entity, it may be possible to apply the STBVA relaxation for isolated periods of up to 60 days (in a tax year/rolling 12 month period), depending on the facts. The STBVA relaxation does not apply to employees of branches or overseas permanent establishments of the UK company.

❖ If so, how many days and for which period?

As above, wage tax withholding is due from first day of arrival in the absence of meeting the conditions for any relaxation and agreeing this with the UK authorities. Wage tax withholding will always be due where the individual is or becomes UK tax resident, as long as the employer has sufficient 'presence' in the UK (e.g. a branch, office or establishment) or the host employer rules apply.

❖ Is the formal employer obliged to register and pay wage taxes?

Yes, where the formal (legal) employer has a UK tax presence or UK place of business. Even when the formal employer has no UK presence, they will have to register to pay employee and employer social security (National Insurance contributions) if based within the EU, and may choose to withhold wage income tax voluntarily. Non-UK formal employers based outside the EU can choose to voluntarily withhold and report employee wage taxes. Where the formal employer has no presence in the UK and the individual is working for a entity, the UK entity will be required to operate payroll and pay employee and employer social security (if due), and deduct/pay income tax unless the tax relaxations outlined above apply.

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

As above, there may be an obligation for the economic employer to report wage taxes on behalf of the formal employer on their existing payroll. They can also act as an agent to register for the formal employer if this is administratively easier.

❖ Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

See comments above. There are already UK reporting requirements for business visitors with wage taxes withholding requirements if the visitor is economically employed and spends more than 60 days in the UK.



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- ❖ **Does Mauritius apply the economic employer concept for the establishment of wage tax withholding obligations?**
No.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Not Applicable.
- ❖ **When did your Country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not Applicable.
- ❖ **If so, how many days and for which period?**
Not Applicable.

- ❖ **Is the formal employer obliged to register and pay wage taxes?**
Not Applicable.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
Not Applicable.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Not Applicable.



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❖ **Does South Africa apply the economic employer concept for the establishment of wage tax withholding obligations?**

No, South Africa does not apply the economic employer concept. However, if the formal employer is a non-resident and has a South African representative employer (i.e. a South African resident agent of the formal employer having authority to pay remuneration), the representative employer will have wage tax withholding obligations in respect of any remuneration which it pays on behalf of the formal employer.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

The non-resident formal employer is obliged to register and pay wage taxes if it has a permanent establishment in South Africa.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

No, unless the economic employer is a representative employer of the formal employer. The representative employer must report wage taxes in respect of any remuneration which it pays on behalf of the formal employer.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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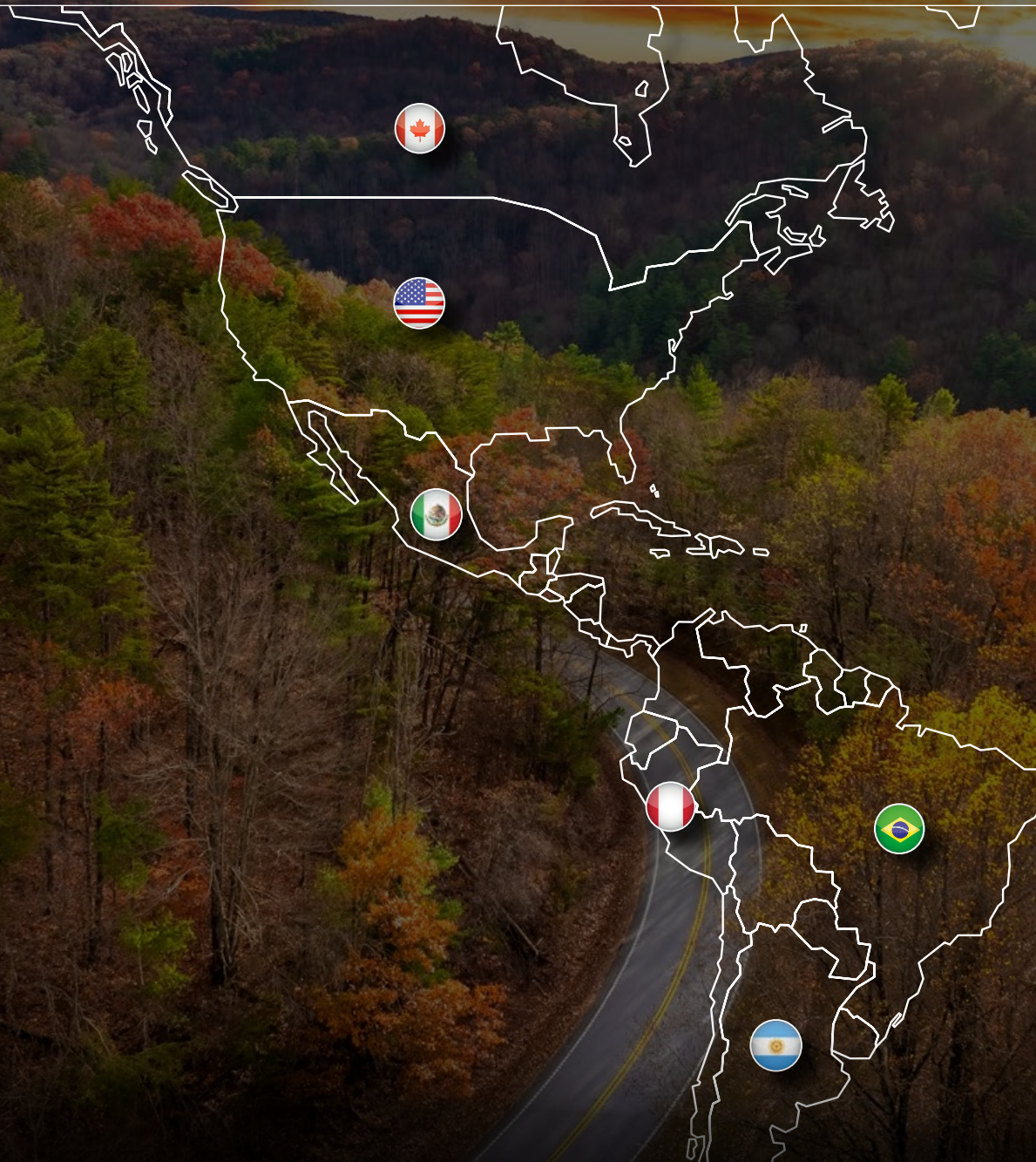
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- ❖ **Does Argentina apply the economic employer concept for the establishment of wage tax withholding obligations?**
No.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Not Applicable.
- ❖ **When did your Country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not Applicable.
- ❖ **If so, how many days and for which period?**
Not Applicable.

- ❖ **Is the formal employer obliged to register and pay wage taxes?**
Not Applicable.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
Not Applicable.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Not Applicable.



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❖ **Does Brazil apply the economic employer concept for the establishment of wage tax withholding obligations?**

No. The economic employer concept is not expressly provided for under Brazilian law and, therefore, does not formally apply in Brazil, although Brazilian tax authorities and courts may, in certain cases, adopt a substance-over-form analysis that produces similar effects.

Withholding duties are, as a rule, imposed over the entity that formally pays or credits the remuneration under the employment relationship.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes, the Brazilian formal employer is required to register and pay the wage taxes levied on the remuneration of employees and individual contributors (e.g., statutory directors) who render services to it, in addition to withholding the wage taxes due from employees and individual contributors.

In the case of the hiring, by a Brazilian company, of a non-resident employee, for purposes of social security contributions, any provisions set forth in an International Social Security Agreement entered into between Brazil and the employee's country of origin must be observed, in order to avoid double taxation (as a general rule, social security contributions are paid either by the Brazilian company or by the foreign company, depending on the rules applicable to expatriate employees). The applicable Double Taxation Treaty (DTT) signed by Brazil also applies in this context, considering the WHT aspects.

If the foreign employee does not render services to a Brazilian company, as a rule, there is no incidence of social security taxation, as there is no taxpayer entity in Brazil. However, nothing prevents the tax authorities from investigating whether there is any connection between a Brazilian company that may receive the services of the foreign employee and the foreign company (the paying source), for purposes of characterizing the existence of an economic group.

For income tax purposes, where the contracting entity is foreign and, in the absence of a permanent establishment (PE) in Brazil, income tax must be paid directly by the employee who is tax resident in Brazil.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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❖ Does Canada apply the economic employer concept for the establishment of wage tax withholding obligations?

No.

❖ Is the concept implemented into national law or is it applied via practice or based on administrative instructions?

Canada does not apply the concept of economic employer, however the concept is incorporated into most of Canada's tax treaties with foreign countries..

❖ When did your Country adopt the economic employer concept?

Not Applicable.

❖ Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?

There is no threshold of days used by Canadian tax authorities to apply the economic employer concept. The economic employer approach is not based on a minimum number of days; however, there are certain tax treaties that permit exemptions from Canadian income tax on maximum employment income amounts earned in Canada (as an example, the exemption from Canadian tax on employment income earned in Canada if the total amount received does not exceed CAD10,000 in the calendar year, which is found in the Canada-US tax treaty). Even if the employment is exempt from Canadian tax, Canadian reporting and compliance by both the employee and employer is required.

❖ If so, how many days and for which period?

Not Applicable.

❖ Is the formal employer obliged to register and pay wage taxes?

Yes, all formal employers (in this context the entity paying the salary or wages), resident or non-resident, must register (obtain a tax identification number and payroll account) and, unless an exemption is applied for and granted, withhold tax on the salaries paid to employees performing work in Canada.

❖ Can the economic employer register and report wage taxes on behalf of the formal employer?

Not Applicable. The employer paying the wages is required to register and report wages taxes.

❖ Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?

Though Canada does not outright apply the economic employer concept on individuals that travel to work in Canada, there are tax and social security reporting, remitting and compliance obligations applicable to foreign employers wishing to employ individuals in Canada or send non-Canadian resident employees to work in Canada (who will also have Canadian tax reporting and compliance obligations) for periods of time. However, waivers may be available under certain circumstances to exempt non-resident employers or non-resident employees from Canadian withholding rules (but not from Canadian reporting and compliance rules) in respect of non-resident employees who are working in Canada. We note that it may be difficult to accommodate employees' participating in equity based compensation plans if the economic employer chooses not to register as the formal employer in Canada and comply with all tax reporting obligations.



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- ❖ **Does Mexico apply the economic employer concept for the establishment of wage tax withholding obligations?**
No.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Not Applicable.
- ❖ **When did your country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not Applicable.
- ❖ **If so, how many days and for which period?**
Not Applicable.

- ❖ **Is the formal employer obliged to register and pay wage taxes?**
No, the formal employer is not obliged to register and pay wage taxes as long as it is not a Mexican resident for tax purposes.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
Not Applicable.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
As mentioned, Mexico does not apply the economic employer concept in domestic tax law. However, if a non-resident employee spends more than 183 days in Mexico during a twelve month period, then that employee will be obligated to register before the Mexican tax authorities and pay the corresponding income tax due. There is not an obligation for the non-resident employer to register in Mexico and withhold income tax on wages earned by the employee.



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❖ **Does Peru apply the economic employer concept for the establishment of wage tax withholding obligations?**

No, we do not apply the economic employer concept. Only Peruvian formal employers are legally liable to withhold wage taxes. As a general rule, expat employees that remain in the foreign employer payroll and that receive their salary abroad from such employer, will be obliged to pay income taxes directly to the Peruvian Tax Administration for the activities performed within Peru (Peruvian-source income).

As an exception, short-term assignments that do not exceed 183 days within a 12-month period are usually tax-exempt under Double Tax Treaties provided that certain conditions are met. Peru has entered into Tax Treaties with the following States: Brazil, Canada, Chile, Korea, Mexico, Portugal, Switzerland, Japan and the Andean Community (Bolivia, Colombia and Ecuador). Furthermore, Peru and the UK have recently entered into a tax treaty, which is set to be fully in force as from January 1, 2027.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

No. As mentioned before, the economic employer concept does not apply in Peru.

The 183-day rule only applies to determine the tax residency status of the employee and the applicable tax rate on labor income. Foreign residents that remain in Peru for less than 183 days within a 12-month period will be subject to a flat rate of 30% over the portion of their salary that qualifies as Peruvian-source income, whereas Peruvian residents are subject to a progressive accumulative scale with tax rates ranging from 8% to 30% over their annual labor income.

Special rules might apply in accordance with Double Tax Treaties.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Yes.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

No. Only Peruvian formal employers are responsible for withholding and paying wage taxes. Foreign formal employers are not obliged to register nor pay any wage taxes due on expat employees working in Peru.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not Applicable.



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- ❖ **Does the United States apply the economic employer concept for the establishment of wage tax withholding obligations?**

Although the United States does not formally apply the economic employer concept for the establishment of wage tax withholding obligations, it requires the withholding of wage taxes with respect to all employees performing services within the United States if the wages would be deductible in the United States even if such wages are not so deducted. Under U.S. domestic law, wages are usually deductible by the entity for whom the services are performed.
- ❖ **Where a non-resident of the United States who is employed by a non-U.S. resident entity travels to United States for work, the short-term employment exception in United States' double tax agreements (DTAs) may apply. For the purposes of the exception, the maximum number of days when the employee may be present in United States and the time period within which the number of days are counted may vary, but the exception is generally limited to periods less than or equal to 183 days in any 12-month period.**
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not applicable.
- ❖ **When did your Country adopt the economic employer concept?**

Not applicable.
- ❖ **Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not applicable.

- ❖ **If so, how many days and for which period?**

Not applicable.
- ❖ **Is the formal employer obliged to register and pay wage taxes?**

Not applicable. In general, the common-law employer (the employer that directs and controls the worker) is required to withhold and deposit the taxes if it makes a payment of "wages" as defined in domestic law. If the common-law employer is not in control of the payment of wages, the person in control of the payment of wages is required to withhold and deposit the taxes.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not applicable.
- ❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Not applicable.



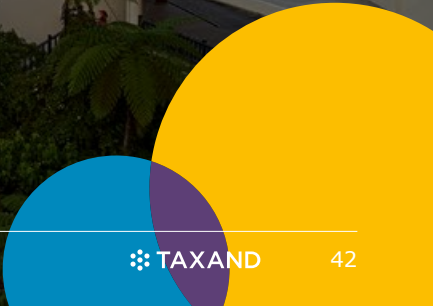
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ASIA





❖ **Does Australia apply the economic employer concept for the establishment of wage tax withholding obligations?**

Australia does not have an “economic employer” concept for domestic law purposes in relation to withholding obligations of employers in relation to their employees (referred to a Pay-As-You-Go, or PAYG withholding, from an employee’s salary and wages). Rather, whether an obligation to withhold exists under Australian domestic law is determined by reference to the employee’s individual circumstances, including whether he or she is an employee of any entity applying Australian common law principles.

❖ **Where a non-resident of Australia who is employed by a non-Australian resident entity travels to Australia for work, the short-term employment exception in Australia’s double tax agreements (DTAs) may apply. For the purposes of the exception, the maximum number of days when the employee may be present in Australia and the time period within which the number of days are counted may vary, but the exception is generally limited to periods less than or equal to 183 days in any 12 month period.**

The public guidance issued by the Australian Taxation Office (ATO) regarding the identification of “employer” in the context of the short-term exception in Australia’s tax treaties (Taxation Ruling TR 2013/1) has not yet been updated to reflect recent judicial decisions and legislative developments, and accordingly some uncertainty exists around the ATO’s position in this regard.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

While there is no domestic law concept of “economic employer”, the concept of an “employee” for Australian PAYG withholding purposes is not defined in the relevant tax legislation and its interpretation is derived from Australian common law principles.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable – please refer above.

❖ **Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

As noted above, Australia does not have the concept of an “economic employer”. A case-by-case analysis is required in each case, and the application of any relevant DTA (including the short-term employment exception where relevant) must be considered.

❖ **If so, how many days and for which period?**

Not Applicable as there is no “economic employer” concept – please refer above.

❖ **Is the formal employer obliged to register and pay wage taxes?**

This depends on whether the foreign employer is found to be the individual’s employer for Australian tax purposes, the individual’s circumstances and the terms of any applicable DTA.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable as there is no “economic employer” concept. However, if a non-resident entity is an employer for Australian tax purposes and is required to withhold PAYG, it may be able to arrange for its Australian associate or affiliate to undertake the PAYG withholding obligations on its behalf.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

While there is no “economic employer” concept in Australia, the Australian tax treatment of individuals who travel for work to Australia (including their status as common law employees of an Australian resident entity and the impact of Australia’s double tax treaties, where relevant) should be considered on a case by case basis, having regard to the individual’s specific circumstances.



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- ❖ **Does China apply the economic employer concept for the establishment of wage tax withholding obligations?**
Yes.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
National law.
- ❖ **When did your country adopt the economic employer concept?**
2019.
- ❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Yes.

- ❖ **If so, how many days and for which period?**
90 days.
- ❖ **Is the formal employer obliged to register and pay wage taxes?**
No, foreign formal employer cannot register in China. However, wage taxes are required via individual filing.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
No.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
We suggest the breakdown of payroll and non-cash benefits to be well prepared.



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❖ **Does India apply the economic employer concept for the establishment of wage tax withholding obligations?**

No, India does not apply economic employment concept for the purpose of withholding tax obligations.

In India, though the concept of 'economic employer' is not recognized in law, the same may be relevant while undertaking Permanent Establishment analysis of foreign enterprise in India. While there are no prescribed rules in this respect, tax authorities generally refer to OECD commentary while undertaking Permanent Establishment analysis.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

As per Indian tax laws, the person responsible for paying salary to the employee (i.e. the formal employer) is required to undertake withholding tax compliances in India.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

No, economic employer cannot undertake withholding tax compliances on behalf of the formal employer.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

Salary income earned by individuals while travelling to India for work may be taxable in India. Separately, India has also been experiencing rise in people opting to work remotely from India. In both the above cases, person responsible for making above salary payment may be liable to withhold appropriate tax and undertake related compliances. Further, such individuals may also be liable to obtain tax registration and file tax returns in India.

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❖ **Does Indonesia apply the economic employer concept for the establishment of wage tax withholding obligations?**

No. Indonesia tax authorities assume that the assignee's employer is the entity that sponsors the work permit or stay permit for the individual and bears the remuneration cost of the assignee. The employer is expected to be a resident entity who will conduct the wage tax withholding obligation.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Not Applicable.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

At the moment Indonesia has not adopted the economic employer concept. For an assignee to be able to work in Indonesia, a working permit and stay permit is required. Usually, it is sponsored by a resident entity who also bears the remuneration or wage of the particular assignee. Once the assignee becomes Indonesian Tax Resident, then he has the obligation to self-assess reporting his worldwide income as well as assets and liabilities.



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- ❖ **Does Japan apply the economic employer concept for the establishment of wage tax withholding obligations?**
No.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Not Applicable.
- ❖ **When did your Country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not Applicable.
- ❖ **If so, how many days and for which period?**
Not Applicable.

- ❖ **Is the formal employer obliged to register and pay wage taxes?**
Not Applicable.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
Not Applicable.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Not Applicable.



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❖ **Does the Philippines apply the economic employer concept for the establishment of wage tax withholding obligations?**

No. Philippine tax authorities have relied on bilateral tax treaties in determining the taxation or exemption from income tax of the income of foreign individual assignees in the Philippines. However, the economic employer approach has been applied by the Philippine tax authorities when there has been a recharge of the cost of remuneration to the Philippine entity, such that the host entity will be considered the economic employer and the employee cannot claim tax exemption.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

Not Applicable.

❖ **When did your Country adopt the economic employer concept?**

Not Applicable.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

Not Applicable.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

Not Applicable.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Not Applicable.

❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

The application of the economic employer concept in the Philippines may conflict with the rulings issued by the Philippine tax authorities, as well as the decisions of the Courts, with respect to the taxation of the income of foreign individual assignees in the Philippines and the wage tax withholding obligations of Philippine host entities.

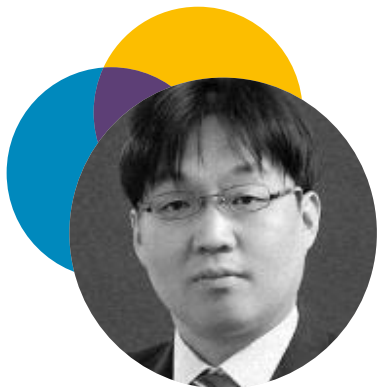


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- ❖ **Does South Korea apply the economic employer concept for the establishment of wage tax withholding obligations?**
No. However, finding a permanent establishment in South Korea may have an impact on the relevant tax analysis.
- ❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**
Not Applicable.
- ❖ **When did your country adopt the economic employer concept?**
Not Applicable.
- ❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**
Not Applicable.
- ❖ **If so, how many days and for which period?**
Not Applicable.

- ❖ **Is the formal employer obliged to register and pay wage taxes?**
No, to the extent that the formal employer does not have a permanent establishment in South Korea.
- ❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**
No.
- ❖ **Comments regarding the impact of the “economic employer concept” on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**
Not Applicable.



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ABOUT TAXAND

Taxand is a global organisation comprising top tier local independent tax advisory firms who together provide high quality, integrated tax advice to clients worldwide.

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