



# GMS Flash Alert



## Flash Alert

### Monthly Summary (March, 2019)

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#### Flash Alerts

As a “no-deal” Brexit scenario appears to be increasingly probable, EU member countries are enacting transitional rules for U.K. nationals residing in their countries in respect of residence, work permits, and social security. The following *GMS Flash Alerts* discuss these legislative/policy developments:

- Czech Republic – [\*Plans to “Regularize” U.K., Czech Nationals if “No-Deal” Brexit\*](#)
- Lithuania – [\*Provisions Planned for U.K. Nationals in Case of “No-Deal” Brexit\*](#)
- Denmark – [\*Law Passes on Status and Rights of U.K. Nationals if “No-Deal” Brexit\*](#)
- Netherlands – [\*Update on Brexit Withdrawal Rules for U.K. Citizens’ and Family Members\*](#)
- Italy – [\*Government Takes Steps to Deal with Post-Brexit Status of U.K. Nationals\*](#)
- European Union – [\*Social Security Contingency Measures if No-Deal Brexit\*](#)
- Finland – [\*U.K. Nationals’ Right of Residence if No-Deal Brexit\*](#)
- Spain – [\*Measures Enacted Assuring Rights, Status in Case of No-Deal Brexit\*](#)

#### ALL GMS Publications

[GMS Flash Alert](#)

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[Taxation of International Executives \(TIES\) Online](#)

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[Thinking Beyond Borders: Management of Extended Business Travelers](#)

[U.S. Taxation of Americans Abroad](#)

[U.S. Taxation of Foreign Citizens](#)

[Your Assignment Abroad: The 50 Most Common Concerns](#)

Australia	<p><b><u><a href="#">Outside Australia “Permanent Place of Abode”: Taxpayer Wins in Court Decision</a></u></b></p> <p>The full bench of the Federal Court of Australia recently published its decision in <i>Harding v Commissioner of Taxation</i>, overturning last year’s decision by a single judge, and finding that the taxpayer was a nonresident of Australia by virtue of having established a permanent place of abode in Bahrain. This decision by the Full Court is an indication that taking a less narrow position on what constitutes a “permanent place of abode” could mean a taxpayer who can demonstrate that he or she is living in a foreign country for an extended period can break Australian tax residency.</p> <p><b><u><a href="#">Single Touch Payroll: Shadow Payrolled Employees Working in Australia</a></u></b></p> <p>According to the Australian Taxation Office (ATO), an exemption for employers from Single Touch Payroll (STP) reporting for certain foreign employees working in Australia will no longer apply effective July 1, 2019. Employers will therefore be required to include these foreign employees in their Australian STP reporting. Subject to the outcome of ATO consultation in March, employers with PAYG withholding variations to nil may also need to revisit arrangements to determine if a shadow payroll is a more appropriate process under the STP regime.</p> <p><b><u><a href="#">Proposed CGT Main Residence Exemption Changes Could Be Dropped</a></u></b></p> <p>Speaking at the Taxation Institute conference on March 15, the Australian Assistant Treasurer indicated that the Coalition government would not be seeking to pursue the passing of a Bill, which among other things, contains a measure removing the main residence exemption from capital gains tax where the property is disposed of while the individual taxpayer is a tax nonresident of Australia. While not entirely clear, this is an indication that the government will not seek to pursue the proposed change, which would have potentially resulted in large capital gains tax bills for Australians selling their main residence while residing overseas.</p>
Canada	<p><b><u><a href="#">2019 Budget Announces Cap on Employee Stock Option Grants</a></u></b></p> <p>The Canadian government’s budget for 2019 announced a cap to the use of the current employee stock option tax regime, for stock option plans of “large, long-established,</p>

	<p>mature” companies. For “start-ups” and “rapidly growing” Canadian businesses, there would continue to be no cap with respect to the amount eligible for the stock option deduction. The measure in the budget leaves many questions in need of clarification; further details will be released in summer 2019.</p> <p><b><u><a href="#">Highlights of Personal Tax Changes in 2019 Federal Budget</a></u></b></p> <p>Canada’s government presented the 2019 federal budget on March 19, 2019. Although the budget does not include any personal tax rate changes, it did include several measures affecting individual taxpayers and their employers related to employee stock option grants, as well as changes to the Canada Training Credit, Home Buyers’ Plan, cultural property donations, and annuities under certain registered plans.</p>
Finland	<p><b><u><a href="#">Changes in Social Security Coverage for Cross-border Employees</a></u></b></p> <p>Finland’s new Act on the Application of Residence-based Social Security enters into force on April 1, 2019. Under the new law, persons arriving in Finland for employment purposes are entitled to social security benefits for the duration of their employment, provided that their earnings are equal to or higher than the basic unemployment allowance (EUR 696.60 per month).</p>
India	<p><b><u><a href="#">e-Visa Regime Liberalised</a></u></b></p> <p>India recently updated its e-Visa regime to make India a more tourism- and business-friendly destination. With the updated guidelines, India has further liberalised the rules and has taken important steps to make visa applications and compliance easier. Concerning e-Business and e-Tourist visas there have been changes to the granting, duration, and number of entries. In addition, the maximum number of days for a continuous stay, in both cases, has been extended.</p>
Ireland	<p><b><u><a href="#">Working Made Easier for Foreign Spouses of Certain Permit Holders</a></u></b></p> <p>Ireland’s Department of Business, Enterprise and Innovation and the Department of Justice and Equality recently announced that the spouses and partners of Critical Skills Employment Permit (“CSEP”) holders will be able to access the Irish labour market without the need to obtain an employment permit. In addition to this change, a new pre-clearance</p>

	<p>policy will be introduced for the non-European Economic Area de-facto partners of CSEP holders. Further details in relation to eligibility and the application process are expected to be published on the Irish immigration authorities' website.</p>
<p>People's Republic of China</p>	<p><b><u><a href="#">New Rules for Determining Foreign Worker Residency</a></u></b>  On March 14, 2019, the Ministry of Finance and the State Administration of Taxation of the People's Republic of China jointly issued standards for determining the length of residence of non-PRC-domiciled individuals, Announcement No.34, which is retroactively effective from January 1, 2019. Announcement No. 34 introduces new rules that are more relaxed in comparison with rules under the old regime, and may be more beneficial for residents of Hong Kong and Macao Special Administration Regions who frequently travel to Mainland China.</p>
<p>Romania</p>	<p><b><u><a href="#">Revised Deadline for Filing Annual Tax Return, Paying Related Tax</a></u></b>  The Romanian government has extended the deadline for submission of the Romanian Annual Tax Return on Income tax and social security contributions due by individuals with respect to income obtained during 2018, as well as income estimated to be obtained in 2019, plus any payment of tax obligations for 2018, from March 15 to July 31, 2019.</p>
<p>United Kingdom</p>	<p><b><u><a href="#">Statement of Changes to Tiers 1 &amp; 2, EU Settlement Scheme</a></u></b>  On March 7, 2019, the U.K. government published a "Statement of Changes," which included a number of modifications to the Immigration Rules. The Statement of Changes introduces changes to the Tier 1 and Tier 2 visa categories as well as the EU Settlement Scheme, which, for the most part, are expected to take effect April 6, 2019. However, the main impact on Tier 1, as well as the new "Start-Up" and "Innovator" visas, will be coming into force as soon as March 29, 2019. The U.K. government has also announced that some immigration application fees will increase.</p>
<p>United States</p>	<p><b><u><a href="#">Proposed Rule Ending Work Authorization for H-4 Visa Holders</a></u></b>  Since May 2015, certain H-4 dependent spouses of H-1B nonimmigrants who are seeking employment-based lawful permanent resident status in the U.S. have been eligible to apply for employment authorization. In line with the current U.S. administration's plans to</p>

end the ability of spouses of H-1B visa holders to be granted work authorization, the Department of Homeland Security has submitted a proposal to rescind the H-4 spousal work authorization regulation to the Office of Management and Budget for review. Following the federal rule-making process, the work authorization for H-4 spouses is expected to be rescinded later this year.

#### **[Premium Processing Resumes for All H-1B Petitions](#)**

The U.S. Citizenship and Immigration Services (USCIS) resumed premium processing for all H-1B petitions March 12, 2019. Employers should consider using the USCIS premium processing service to expedite the adjudication of long-pending H-1B cases requiring urgent approval to facilitate international travel or driver's license renewal. USCIS has indicated that the announcement to resume premium processing is not specific to the FY2020 H-1B cap filing season and that details about the FY2020 H-1B cap season will be addressed in a separate announcement.

#### **[Notice Obligations for H-1B Employers Regarding Labor Condition Applications](#)**

On March 15, 2019, the U.S. Department of Labor released a bulletin which makes clear that an H-1B employer will not be in compliance with the labor condition applications posting and notice requirements if it does not take steps to make affected workers aware of the existence and location of the electronic notification. If an employer fails to meet the notification requirements, penalties may apply and participation in the H-1B program could be curtailed.

#### **[Starting 2021, New Travel Requirements for Americans Visiting Europe](#)**

Last year, the EU created a new visa waiver program, ETIAS (European Travel Information and Authorization System), to protect and strengthen its borders. Recent press reports have helped to raise awareness about the fact that U.S. citizens traveling to Europe will need to apply for an ETIAS visa waiver beginning 2021. Effective 2021, all U.S. citizens traveling to a European Schengen-zone country will need to apply for an ETIAS visa waiver, which will be valid for three years.

## Publications, Videos & Webinars

Global  
Mobility  
Services –  
Employment  
Tax Practice

**[Payroll Insights](#)** – a publication from KPMG LLP's Employment Tax practice. It is designed to provide you with current developments in the payroll and employment tax arena and is published periodically throughout the year as developments warrant. In this issue ([March 2019](#)):

- Mobile Workforce State Income Tax Simplification Act of 2019 Introduced in the Senate

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